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Habib Goes Back to U.S., Says War Threat Is Eased

By Stuart Auerbach
Washington Post Service

BEIRUT — Philip C. Habib, the U.S. special envoy, left here for Washington on Thursday after declaring that his two Middle East peace shuttles had lessened the threat of war. He promised to return to the area early next month.

Diplomatic sources suggested that Mr. Habib, President Reagan's representative to defuse the crisis that erupted over Syria's positioning of surface-to-air missiles in Lebanon's Bekaa Valley in late April — wanted to be out of the region during Israel's elections next Tuesday.

While Mr. Habib has succeeded in preventing an attack on the missiles, neither Syria nor Israel has budged from its stated position. Israel has demanded under threat of attack that Syria remove the Soviet-made SAMs, which Syria has refused to do.

"I believe that all concerned would like to see tensions reduced, as evidenced from the fact that the

immediate danger of military action that existed when the crisis arose almost two months ago has receded," Mr. Habib said in a statement released by the U.S. Embassy after his departure.

"It has given way to a diplomatic process in which the United States has been able to play a unique role," he continued in the longest statement he has issued during his two visits.

At the same time, Mr. Habib called for "continued restraint" on all sides.

Mr. Habib's very presence in the area has been credited by diplomats in Beirut, Damascus and Amman with preventing the threatened Israeli raid on the missile sites. Prime Minister Menachem Begin was reported by the Jerusalem Post to have promised the Reagan administration that Israel would not attack the missiles before the election.

Mr. Begin was also reported to have told an Israeli parliamentary panel that he had deliberately

overstated the importance of the Syrian batteries to Israel's security in order to divert attention from preparations for the bombing raid on Iraq's nuclear plant.

The U.S. diplomat's present 16-day shuttle took him to Lebanon, Syria, Israel and Saudi Arabia. Last month he spent three weeks shuttling between the Mideast capitals.

Aside from putting a damper on the threat of an Israeli attack on the Syrian missiles, one of the results of the Habib mission was to reactivate Arab efforts to end hostilities in Lebanon that led to the Syrian presence.

Representatives of Lebanon, Syria, Saudi Arabia and Kuwait held two days of talks in Jidda this week and will meet again on July 4 in the Lebanese mountain resort of Beit ed Din in an effort to end fighting in Lebanon between the Israeli-supported militia of the Maronite Christian Phalangists and Palestinian and Moslem leftists.

Syria entered Lebanon in 1976 under an Arab League mandate to end a civil war, but it has failed to get the religious and political factions together in an effective national government.



Vice President Bush, right, with the British foreign secretary, Lord Carrington, during talks at the Foreign Office in London on Thursday after Mr. Bush arrived from Paris for a short visit.

U.K., to Finance Trident Subs, Plans Cuts in Fleet and Army

United Press International

LONDON — The government said Thursday it planned to slash Britain's fleet of surface ships and to cut both army and navy manpower to help cover the \$5-billion (\$10-billion) cost of a new submarine force armed with U.S. Trident missiles.

But in announcing this to Parliament, Defense Secretary John Nott said the front-line strength of Britain's armed forces would be enhanced. "The aim is enhancement of our front-line strength combined with reduction of costly infrastructure," he said.

Mr. Nott said the number of destroyers and frigates would be cut from 59 to 50 and Britain would maintain only two aircraft carriers in place of the present four either in service or under construction.

He said the government also planned to withdraw one divisional headquarters from the British Rhine Army in West Germany but to maintain its total strength at 55,000 men, to which Britain is committed by treaty.

[Mr. Nott told Parliament that Britain planned to order for the McDonnell Douglas AV-8B ver-

sion of the Harrier vertical takeoff fighter plane, Reuters reported. He said Britain would soon sign an agreement with the U.S. government for the joint manufacture of the plane. The total program is for 400 aircraft.]

Earlier, the influential House of Commons Defense Committee endorsed the Trident submarine plan and Prime Minister Margaret Thatcher's Cabinet gave a final go-ahead for the program.

Panel Backs Plan

The committee's report backed the purchase of Trident, but expressed concern that some conventional weapons systems might have to be sacrificed.

"It is difficult to see how it will be possible to give top priority to the Trident program throughout the decade without displacing or squeezing out some other equipment programs," it said.

A minority report by the committee's three opposition Labor Party members also expressed concern that acquisition of Trident "could have adverse effects on the quality of our conventional weap-

ons contribution to NATO and on the morale of our forces."

During the past week, Mr. Nott visited Washington, Bonn and North Atlantic Treaty Organization headquarters in Brussels to try to allay fears that Britain no longer is a reliable ally.

Shift in Contribution

Government officials said he had stressed that Britain was switching its main contribution to allied defense to its independent nuclear force and that this unavoidably meant cutting back other defense spending.

The government's decision to build a new four-vessel Trident submarine force to replace its four aging Polaris submarines was announced last July. It called for construction by the early 1990s of four nuclear submarines to carry U.S. Trident missiles. The submarines and warheads are to be built in Britain and the missiles in the United States.

The government estimated the total cost at a minimum of \$10 billion, of which 70 percent would be spent in Britain.

U.S. Sees Shift In French Ties

Says Communists' Role in Cabinet Will Affect 'Tone' of Relationship

By Jonathan Kandell
International Herald Tribune

PARIS — The U.S. State Department has expressed strong disapproval of the appointment of four Communists to President Francois Mitterrand's French government. But French officials sought to downplay any friction with the Reagan administration over the issue.

The State Department communiqué, issued Wednesday night in Washington, warned that "the tone and content of our relationship as allies will be affected by the inclusion of Communists in that government or in any government of our West European allies."

In response, the French minister for external relations, Claude Cheysson, said Thursday that he felt the statement was "above all aimed at American opinion — they need to reassure people over there."

Mr. Cheysson, who made his remarks in a radio interview, suggested that officials in the Reagan administration might not "understand that the situation in France is unique."

"They do not see the differences between France and Italy and between France and Spain," said Mr. Cheysson, referring to two other Western European countries where Communists have been trying to participate in government. "I believe that the statement corresponds to this error of appreciation."

Bush Remarks Amplified

The State Department communiqué strongly amplified remarks by Vice President Bush, who during a 24-hour visit to Paris that ended on Thursday expressed concern over the inclusion of Communists in the French Cabinet. Before flying on to London, Mr. Bush declined to comment further on the issue, and added: "I feel very comfortable about the relationship with the new government of the United States and France."

Mr. Bush, whose visit to France was planned before the appointment of Communists to the Cabinet, met with Mr. Mitterrand, Prime Minister Pierre Mauroy and other French officials in an effort by the Reagan administration to strengthen its ties with the new French Socialist government.

The vice president said that his talks had focused on economic policy and covered European complaints about high U.S. interest rates, which will probably be a subject of discussion at the economic summit meeting in Ottawa in July.

But his visit was largely obscured by the controversy over the Communist ministers. Commenting on the statements by Mr. Bush and the State Department, the leading French daily, *Le Monde*, expressed surprise that the Reagan administration had decided to air its concern publicly.

"The United States is lucky to be dealing today with a president of the republic who knows the Communists infinitely better than [the Americans] do and has fewer illusions than his predecessor about the Soviet Union," an editorial in the newspaper stated.

Position on Soviet Union

The view reflected French Socialist opinion that Mr. Mitterrand would take a tougher position than former President Valéry Giscard d'Estaing on the Russians, particularly concerning the Soviet intervention in Afghanistan and the threat posed by Soviet SS-20 missiles to Western Europe.

A much stronger reaction to the State Department communiqué came from Maxime Gremetz, the foreign-affairs spokesman for the French Communist Party.

"I like millions of French women and men, consider such a declaration unacceptable," said Mr. Gremetz. "It is the business of the French government and the French people. There is a new majority in the country, a majority of (Continued on Page 2, Col. 8)

Killing of Assad Foes Apparently Verified

Washington Post Service

WASHINGTON — Syrian special forces have massacred scores of men in a sweep through the Syrian city of Hama in what is believed to have been the bloodiest retribution so far in President Hafez al-Assad's two-year crackdown on opponents of his rule, according to a witness and diplomatic reports in Washington, Europe and the Middle East.

In the sweep through several Hama neighborhoods in late April, adult and teen-age males were taken from their homes in the middle of the night, lined up against walls and machine-gunned, a witness said. Reports on the number killed vary, with the most reliable estimating between 150 and "several hundred." According to a Hama resident who later fled, municipal garbage trucks picked up bodies from the streets, and police buried them in graves made by ditch-diggers.

Reports of the attack have circulated in the Middle East for several weeks, but the Washington Post delayed publication until it could independently confirm through diplomatic sources in Washington that such a raid did take place.

Center of Agitation

The assault on a city long regarded as a center of anti-Assad agitation demonstrates the level of concern in Mr. Assad's government over the persistent resistance to his authority and his determination to crush it. It was designed, the reports said, as punishment for several terrorist raids in the preceding few days against militiamen from Mr. Assad's Arab Ba'ath Socialist Party and, according to some accounts, the machine-gunning of participants in a spring festival in fields near a village inhabited by members of Mr. Assad's minority Alawite Moslem sect.

The attacks and the government's revenge both seem to cast doubt on recent assessments that Mr. Assad has largely succeeded in his campaign to eliminate sectarian opposition among Syria's Sunni Moslems — who comprise 70 percent of the population — and, in particular, in reactionary Moslem Brotherhood cells said to be spearheading anti-government terrorism.

The terror attacks and the retribution happened between April 22 and April 28, according to conflicting diplomatic reports in Washington and Paris. In a version published May 13 by the Paris newspaper *Le Monde*, quoting a Syrian Moslem Brotherhood leader involved in the anti-Assad agitation, the sweep on Hama occurred April 25. According to a former Hama resident who said he was there at the time, it was in the early hours of April 24.

The reports, in trustworthy and trustworthy variations, have been discussed in Damascus and Beirut in the last two months. In an atmosphere created by the wounding last June of a Reuters correspondent, Bernard Debusmann, and threats against a BBC correspondent, Tim Llewellyn — both after stories considered by Damascus to be unfriendly to Syria — the Hama reports have not been widely published from the area.

Rich Farming Area

Hama, in a rich agricultural region between Homs and Aleppo in central Syria, traditionally has been a center of Sunni fundamentalism and, according to the government in Damascus, of the outlawed Moslem Brotherhood. The Brotherhood, a Sunni movement, has taken the lead in organizing opposition to Mr. Assad, protesting that he has stacked key government and army posts with members of his Alawite minority, who comprise 12 percent of the population, and objecting to his Ba'ath Party's secular philosophy.

It was the massacre of about 50

Battle Around Zable

BEIRUT (UPI) — Syrian troops battled Christian Phalangists in a new battle around Zable on Thursday only hours after a peace meeting by a special Arab League committee for Lebanon ended in Saudi Arabia.

Rightist militia officials said 30 persons were injured in Zable, some seriously, and 14 houses caught fire from the Syrian artillery and tank fire barrage on the besieged city, 23 miles (35 kilometers) east of Beirut.

The Syrians also shelled several residential areas in East Beirut on Thursday, Phalangist radio said.

The Arab League statement, broadcast by Beirut radio, stressed that a continued cease-fire was needed before any peace plan ending the Moslem-Christian strife in Lebanon could be achieved.

The Syrians reportedly agreed to allow other Arab League nations to send troops to the Lebanon force.



SUMMIT MEETING — President Daniel Arap Moi of Kenya, center, shook hands with the outgoing chairman of the Organization of African Unity, Sierra Leone President Siaka Stevens, in Nairobi. On the right is Edem Kodjo, the OAU secretary-general. Meanwhile, King Hassan II arrived on Thursday to take part in an OAU summit for the first time in nine years. The king is expected to defend Morocco's annexation of the former Spanish Sahara.

Bankers Unified on Polish Debt

By Carl Gewirtz
International Herald Tribune

PARIS — A task force of 19 Western banks agreed Thursday to accept the conditions sought by U.S. banks in a unified approach to the rescheduling of Poland's debt due this year.

A communique issued at the end of the 1½-day meeting here said:

- The Polish Communist power struggle has surfaced again in a local party election. Page 2.

the task force, representing 460 banks, was in unanimous agreement.

The 63 U.S. bank creditors last week rejected an earlier protocol drawn up by the task force and raised the specter of U.S. creditors negotiating separately with the Poles. The new protocol, which basically adopts the position taken by U.S. banks, must now be approved by each national syndicate of banks.

The task force itself is expected to meet next on July 24 in Zurich. If no further hitches develop, the task force will then be ready to negotiate with the Poles.

The basic terms suggested by the task force have not been altered — that 95 percent of the \$2.37 billion owed the banks this year be rescheduled for 7½ years with a rate of interest set at 1¼ points over the London interbank rate and a 1-

percent penalty fee. Interest due on the debt would be kept current and not rescheduled.

What is changed is that Poland must submit detailed economic information — including information on debts owed to the East Bloc as well as targets on economic performance — before any rescheduling.

The previous protocol envisaged two agreements — one dealing with rescheduling the debt this year and the other seeking accurate, detailed economic data. The new proposal calls for one document whose terms will be activated upon receipt of the required data. Implicit in the new wording, one participant at the meetings said, is that if banks are not satisfied with the information there will be no rescheduling.

Berlin Crowd Clashes With Police; 62 Hurt

The Associated Press

BERLIN — About 3,000 people clashed with policemen in West Berlin on Thursday night after a peaceful demonstration protesting the removal of squatters from occupied houses, police said.

Officials said 62 policemen were injured and 14 demonstrators were arrested. The crowd broke from a protest march by about 12,000 people and began hurling stones and firebombs, police said.

Awaiting that information, the banks have agreed to postpone until Dec. 31 all repayments of principal due this year. At the urging of European banks, the new protocol calls for an agreement rescheduling the debt as soon as the requested information is received rather than setting Dec. 31 as a target signing date.

The communique called the proposed memorandum a major achievement in view of the complex issues. It must harmonize the interests of varied banks and commercial creditors and provide a basis upon which Poland can structure its future relationship with the Western financial community.

Untouched in the current talks were such potentially divisive issues as the insistence of Chase Manhattan-led syndicates that certain project loans be excluded from the rescheduling and be kept current. A widely held view, even among banks included in the Chase syndicates, is that Chase will back down.

The rescheduling operation is the first for a Communist state, the largest ever to be negotiated and the most difficult as there is no "policeman" to assure that Poland pursues domestic policies aimed at restoring its financial equilibrium. This role is usually played by the International Monetary Fund, but Poland is not a member. Thus, banks are insisting on much detailed economic information.

Pretoria Rushes Plan to Achieve Self-Sufficiency in Nuclear Fuel

By Joseph Lelyveld
New York Times Service

VALINDABA, South Africa — If a clue were needed as to the sensitivity of the costly industrial enterprise that South Africa is rushing to completion at this site in lovely hill country west of Pretoria, it could be found in the name of the place. Derived from the African language Sotho, Valindaba means, "About this we do not talk."

The enterprise is a uranium-enrichment plant that South Africa is building with the aim, ultimately, of becoming self-sufficient in fuel for a nuclear power industry founded on two French-supplied power stations at Koeberg near Cape Town.

The first of these was to start up next year but now may have to go into mothballs for several years because the United States has declined, so far, to supply the enriched uranium needed to get it going unless South Africa signs the Nuclear Nonproliferation Treaty.

That would mean putting Valindaba under international inspection, which South Africa has been unwilling to do since it started building its facilities here 10 years ago. The reason most often advanced is that South Africa is safeguarding a commercially valuable process for enrichment that it developed on its own.

Foreign skeptics have persistently asked whether it was not also engaged in a weapons program. The official response has always been no, but South Africa has been no more eager than Israel, India or other countries with a capacity to build nuclear weapons to dispel the climate of doubt.

Initially, the skeptics also questioned whether the South Africans really had an enrichment process of their own, but the huge, obviously costly plant that is taking shape on the hillside here is visible evidence that the government regards self-sufficiency in enriched uranium as an attainable goal.

South Africa recently gave more specific evidence of its progress by announcing that it had succeeded in producing small quantities of fuel that was 45-percent enriched with uranium-235.

Die Beeld, an Afrikaans newspaper, proudly declared that the announcement showed that South Africa had the capacity to withstand Western — in this case that meant American — "blackmail." Ultimately, that may be the case, but for now South Africa cannot hope to produce the feedstock needed to get Koeberg running on schedule, even though that requires uranium that is only 3-percent enriched. The problem, obviously, is more a matter of quantity than quality.

The chairman of the Uranium Enrichment Corporation of South Africa, Ampie Roux, was asked in an interview here whether there was any possibility of accelerating the schedule on which the enrichment plant is being built in order to meet the needs of power stations in Cape Province. "That's not so easy," he replied with a sigh, "because we have really gone all out since we started."

At the moment, Mr. Roux said, enough of the 45-percent-enriched uranium was being produced to keep another nuclear reactor, purchased from the United States 16 years ago, in operation seven days a week at the adjacent site of Pelindaba. Mr. Roux, who coined the names of both installations, says Pelindaba means, "The talking is over."

The note of finality notwithstanding, that site has always been open to inspection by the International Atomic Energy Agency.

The Carter administration cut off the supply of enriched uranium (Continued on Page 2, Col. 5)

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Budget Victory

President Reagan won a major victory in the House over a parliamentary maneuver that would have hindered his budget-cutting plans. Page 4.

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The will of abstract expressionist Clyfford Still offers 2,050 of his works to any museum that will keep them together. Page 7.

Terrorist Links Stir New Debate

By Charles Mohr
New York Times Service

WASHINGTON — Police and politicians in Western Europe generally believe that Palestinian groups and radical Arab nations have given considerable direct assistance and encouragement to European terrorists.

Those same officials, however, are divided and equivocal on the question of any Soviet role in international terrorism.

They generally believe the Soviet Union has given indirect support to terrorism, but at the same time they do not believe that Soviet or Palestinian experts create, lead or direct urban terrorist groups in Western Europe, which they describe as indigenous.

These are among the conclusions suggested by interviews conducted in Europe and Israel and supplemented in the United States by the opinions of analysts of international terrorism inside and outside government.

A debate about international connections linking terror groups and the question of whether there is Soviet complicity recently became more heated, especially in the United States. Ideological implications that involve detente and the international status of the Palestine Liberation Organization often cause different individuals to assign varying meaning and importance to direct and circumstantial

evidence. But the interviews suggested several themes:

- To a considerable extent, the debate is actually about how to interpret evidence.
- Palestinian groups that in the past have openly cooperated with and supported European terrorists in spectacular operations continue to give sanctuary to hunted European terrorists and render some assistance to both leftist and rightist terror groups.
- There is evidence that recently, as well as for more than a decade previously, diverse groups of terrorists have received training in camps in Southern Yemen, Libya, Lebanon and elsewhere in the Arab world. Some of these camps were created by radical Palestinian organizations such as George Habash's Popular Front for the Liberation of Palestine. Technical and political instructors from East Germany and other Soviet-bloc nations reportedly have been used.
- The operations, associations and character of terrorism have not remained static, and neither have the political implications and importance of terrorism.
- For instance, officials suggested this spring that terrorism is being encouraged by the Soviet Union in the hope of preventing Spain from joining the North Atlantic Treaty Organization. On the other hand, Spanish rightists use the government's inability to stamp out terrorism as an excuse to demand a

return to authoritarian government.

Although some West German terrorists have said they found haven in East Berlin and received help from East German officials in West Germany seem to give less weight to such evidence than the Americans do.

Those who wish to blame the Soviet Union for Italian terrorism stress statements made by a Czechoslovak defector about Soviet-directed training camps in his country. An Italian police official said the Czechoslovak camps were for ideological training and had been important at one time, but he does not believe they continue to operate.

One important feature of recent terrorism was the extremely violent and ruthless character of two incidents attributed to neo-Fascist groups.

A bomb attack at the railroad station in Bologna last August killed more than 80 persons and injured at least 200. In West Germany, a neo-Nazi group called the Defense Sport Group Hoffmann was blamed for a bomb incident during the Munich Oktoberfest. A 21-year-old member of the group was killed along with 11 other persons, and about 200 were injured.

The CIA said the two rightist attacks rank among the worst terror incidents ever recorded.

The New York Times reported (Continued on Page 5, Col. 1)

Ex-Premier Warns On Mobutu Policies

By Jonathan C. Randal
Washington Post Service

BRUSSELS — Zaire's former premier has announced his formal opposition to President Mobutu Sese Seko and warned that vital economic and geopolitical interests could be compromised by continued Western backing of Mr. Mobutu's rule in the strategic Central African nation.

"The West must intervene to avoid a bloody, violent upheaval which would compromise Western interests in Zaire," the former premier, Nguzu Karl I Bond, said Wednesday.

Speaking out for the first time since he left Zaire suddenly and resigned after arriving in Brussels in April, Mr. Nguzu avoided calling for armed uprising against Mr. Mobutu, who has ruled a country of impoverished people and rich resources since seizing power in 1965. But he said he would not attempt to stop an uprising if one broke out, as he claimed he had done in the past.

Zaire's chronically troubled economy received a reprieve with the announcement Tuesday that the International Monetary Fund will extend a \$1.1-billion credit. International lending organizations are expected to continue to keep Zaire's austerity plan under close scrutiny because of a history of economic mismanagement under Mr. Mobutu.

Mr. Nguzu, known as a moderate, strongly pro-Western political figure, charged that Mr. Mobutu managed to skirt World Bank and IMF safeguards and skimmed off millions in state funds to add to his private fortune.

At the time of his resignation, Mr. Nguzu was in charge of implementing the internationally backed economic and financial reforms. He said that Mr. Mobutu, by exerting personal control over the Central Bank of Zaire, the nationalized Geconim mining company and the Sozacom mineral-exporting firm, had undermined the reforms and had skimmed off more than \$100 million last year and \$26 million in the first quarter of 1980.

Charges of Corruption

Mr. Nguzu said that skimming from Geconim, which normally produces 63 percent of the state budget, and from Sozacom, which once provided 70 percent of Zaire's foreign earnings, was responsible for the recent 40-percent currency devaluation.

While holding out a slim hope that Mr. Mobutu would step down or allow meaningful reforms, Mr. Nguzu said his desire for a peaceful solution had limits. He planned to release the text of his opposition appeal to the Zairian people in Paris on Thursday.

He said that after his resignation he was approached by fellow Lunda tribesmen living in neighboring

Zambia and Angola, who expressed willingness to invade their native province of Shaba, where major rebel incursions took place in 1977 and 1978.

"I told them to do nothing," he said, "but if I am not understood and if a popular revolt and another war breaks out, I will be behind my people and assume my responsibilities to the bitter end."

In 1977, when he was foreign minister, Mr. Nguzu was accused by Mr. Mobutu of involvement in an insurrection. He was tortured and condemned to death for high treason, but he was rehabilitated two years later and was reinstated as his Foreign Ministry post. He became premier in 1980.

"I'm pro-West and share the West's very valid concern for keeping Zaire out of Communist hands," he said, "but the human-



Nguzu Karl I Bond

Begin, Peres Hold Heated TV Debate; Both Pledge to Retain Occupied Areas

By William Claiborne
Washington Post Service

TEL AVIV — Prime Minister Menachem Begin and his opponent in the national election Tuesday, Shimon Peres, both vowed Thursday to retain Israeli control over the occupied West Bank and Gaza Strip in order to guarantee the security of the Jewish state.

In their only face-to-face debate of the campaign, however, the two candidates differed sharply over how to revive the dormant Camp David peace process and reach agreements with Arab neighbors.

Mr. Begin said that under Mr. Peres' leadership, Israel would ultimately lose the West Bank to Jordan and the Palestine Liberation Organization, while Mr. Peres, the Labor Party leader, warned that Israel stood to lose its peace treaty with Egypt if Mr. Begin's Likud party remained in power.

In a heated 40-minute televised duel in which the candidates sought to sway the estimated 20 percent of the electorate still undecided, Mr. Peres, who is trailing in all the major opinion polls, seized the initiative and, for the first time in the three-month campaign, appeared to put Mr. Begin on the defensive.

Stunning Comeback

At one point in the debate, Mr. Begin said he almost fell off of his chair in surprise at the aggressive nature of Mr. Peres' remarks. After the debate, the prime minister said that Mr. Peres had launched a "violent, vicious attack," adding, "A man who launches such an attack gets a reply."

Mr. Peres, who throughout most of the campaign has approached dispiritedness and self-admitted

defeat as a result of Mr. Begin's stunning comeback from near political ruin six months ago, appeared to closely follow a strategy devised by his campaign staff to go on the attack and try to bait the prime minister into anger or confusion. Mr. Peres' campaign advisers said later that the strategy had worked, and that their candidate had "won" the debate.

Mr. Peres, whose party platform advocates a return of about two-thirds of the West Bank in exchange for guarantees of continued Israeli security settlements in the strategic Jordan River valley, has avoided the issue for the most part, apparently sensing a national consensus that favors the Likud's more hard-line approach toward the Arabs. For Mr. Begin, the West Bank issue has been overshadowed by the crisis over the Syrian missiles in Lebanon and the decision to bomb the nuclear reactor near Baghdad.

The bombing came up only peripherally in the debate, with Mr. Begin calling it a "national salvation," and Mr. Peres saying that he had no doubt Iraq intended to build nuclear weapons but that he was opposed to the timing of the raid and the fact that it was carried out before diplomatic efforts had been exhausted.

As for the missiles in Lebanon, Mr. Begin argued that they represented a risk for Israel because they would impede Israeli air attacks against Palestinians in Lebanon. "We have not abandoned the policy of hitting back. We must have initiative — our initiative," Mr. Begin said.

Mr. Peres retorted that the April 28 Israeli attack on two Syrian helicopters in Lebanon during sup-

U.S., Egypt and Israel Approve Peacekeeping Force for Sinai

By William E. Farrell
New York Times Service

CAIRO — Representatives of Egypt, Israel and the United States announced Thursday the creation of a multinational peacekeeping force to patrol the Sinai desert after the scheduled withdrawal of Israel from the Egyptian territory next April 25.

A statement issued by the three participants said the agreement was preliminary and subject to the ratification of both the Egyptian and Israeli parliaments.

But at a news conference, Michael Sterner, the deputy assistant secretary of state who headed the U.S. team during the months of negotiations, seemed confident that a force acceptable to both Israel and Egypt had been worked out.

"The United States is, of course, delighted that this agreement has been reached," Mr. Sterner said. "It will strengthen peace and the future of the peace process."

No formal document on the details of the multinational force was issued, pending parliamentary action in Israel and Egypt, but Mr. Sterner provided some details finally agreed upon early Thursday morning.

The peacekeeping force, Mr. Sterner said, will be composed of three battalions, as well as support, logistic and aviation elements that will total between 2,000 and 3,000 men. He said the United States was prepared to provide a battalion of soldiers, the logistics group and about 70 civilian observers who would monitor the desert border from both the Israeli and Egyptian sides.

That could mean about 800 Americans based in the vast desert peninsula.

Asked whether this meant a major commitment of American troops stationed in the Middle East, Mr. Sterner replied: "That is essentially correct, yes." But he drew a distinction between a force poised for possible hostilities and the planned multinational force, which he said was designed "to implement security arrangements between two nations at peace."

Civilian to Lead

The head of the force will be given the title of director-general, he said, and both Israel and Egypt will agree that the post should be filled by an American civilian, as yet unnamed, who is acceptable to both sides.

The next in the chain of command, Mr. Sterner said, will be a military field commander, not an American, who will be appointed by the director-general with the approval of Israel and Egypt.

The next level would be the command for possible hostilities and the planned multinational force, which he said was designed "to implement security arrangements between two nations at peace."

troops would be acceptable to both sides.

"We do have firm commitments from some countries," he said, but he declined to name them. There have been reports that a number of countries have been approached in the last several months, nations that have traditionally played neutral roles such as Norway, Sweden, Ireland, Australia, Fiji and Ghana.

Mr. Sterner estimated the first year costs of the force at \$200 million and said that the United States was committed to providing more than \$100 million of that sum, although such a commitment requires congressional approval, as does the sending of U.S. troops.

The duration of the peacekeeping force, he explained, is open-ended since the Israeli-Egyptian peace treaty, signed March 26, 1979, did not set an expiration date for it.

Mr. Sterner said that both sides agreed that the peacekeeping force should be in place about a month before the last phase of the Israeli withdrawal under the treaty.

Initially, the peace treaty called for a UN peacekeeping force to monitor the Sinai but that idea was dropped because of the opposition of the Soviet Union to it and the certainty of a Soviet veto in the Security Council if the matter came up for a vote.

As recently as April, Egypt was opposed to the inclusion of American troops in a Sinai force but expressed a willingness to accept a U.S. presence if all other options were foreclosed.

One major snag in the negotiations to set up the force came in April when news reports out of Washington said that the Reagan administration had begun to think of an American contingent in a Sinai unit as a "smuggling force" that could form the nucleus of a U.S. Rapid Deployment Force in the area.

Egyptian President Anwar Sadat opposes giving any facilities in the Sinai to any nation, including the United States.

U.S. Supreme Court Upholds Male-Only Draft

WASHINGTON — The Supreme Court upheld male-only military draft registration Thursday, saying Congress' broad constitutional powers over national military matters allow it to exclude women from a possible draft.

Writing for the 6-3 majority, Justice William H. Rehnquist defended "Congress' broad authority enforced by the Constitution" not to include women in registration. Rejecting arguments that the draft amounted to sex discrimination, he said that "this is not a case of Congress arbitrarily choosing to burden one of two similarly situated groups."

In the dissenting opinion, Justice Thurgood Marshall, joined by Justices Byron R. White and William J. Brennan Jr., said the decision "excludes women from a fundamental civic obligation."

46 Convicted of Fiscal Fraud by Milan Court

MILAN — Forty-six persons, including some leading Italian industrialists and Swiss bankers, have been convicted of the illegal transfer of millions of dollars and given total fines of 70 billion lire (about \$70 million).

The heaviest penalties, handed down by a Milan court Wednesday night at the end of a trial that lasted several months, were imposed on Mario Bernasconi and Pacifico Forri, top executives of the Banco del Sempione, a Swiss bank.

The two bankers, tried in absentia, were each fined 13 billion lire (about \$13 million). However, Swiss authorities in the past have not recognized Italy's bank laws, and Italy is expected to be unable to collect the fines. Italian industrialists were charged with illegally taking funds to Switzerland, while Swiss bankers were charged with illegal operations providing manipulation of remittances of Italian emigrants to create illegal deposits to the benefit of Italian exporters.

Madrid Court Indicts 3 Guardsmen in Deaths

MADRID — For the first time since the Spanish Civil War, a court indicted three paramilitary Civil Guard members Thursday, charging them with homicide in the deaths of three men reportedly mistaken for Basque separatist guerrillas.

The court said sufficient evidence existed to prosecute Lt. Col. Carlos Castillo Quero, Lt. Manuel Torres Gomez and Guardsman Manuel Fernandez Llamas. It set no trial date and ordered all three held on bond.

The case involves three men from the northern city of Santander whose bullet-riddled and charred bodies were found in a forest after they were held by the Civil Guard for nine hours. Two of the men were missing arms and legs.

Flow of Vietnamese Refugees at 2-Year High

BANGKOK — The number of Vietnamese refugees leaving home climbed in April and May to the highest level in two years, and statistics obtained from the UN High Commissioner for Refugees indicate that the rate of departure is remaining high this month despite monsoon weather in the South China Sea.

The April and May totals — 11,155 and 14,792, respectively — of Vietnamese who survived hazardous crossings to Malaysia, Thailand, the Philippines and Hong Kong were the highest since July, 1979, when Vietnam, in the face of worldwide protests, halted the forced mass departures of citizens of Chinese origin.

Turkey Seeks Execution of 52 in Leftist Union

ISTANBUL — The Istanbul military prosecutor Thursday demanded the death sentence for 52 officials of a leftist trade-union confederation whose operations were suspended after September's military coup.

The officials belonged to DISK, the second largest labor grouping in Turkey, with more than 700,000 members. A statement said they were charged with working for the domination of one class over another, a phrase often used in cases involving extreme-leftist organizers accused of trying to subvert the constitutional order.

Meanwhile, two leftist extremists were executed Thursday for killing a U.S. Navy officer and a Turkish colleague last year, the state radio reported. They had been convicted of shooting the American, Chief Petty Officer Sam Novello, and a Turkish naval engineer.

Local Party Vote Erupts Into Dispute in Poland

WARSAW — An election meeting of Polish Communists in the western city of Poznan developed into a procedural clash between reform-minded delegates and a leading party hard-line, according to official reports Thursday.

About 1,350 delegates throughout the country, out of a target of nearly 2,000, have been elected. The bulk of them will be taking part in a national party congress for the first time when it convenes July 14.

Parallel voting for local party posts has also returned fewer than 15 percent of previous officeholders, according to official reports. In election results announced in Thursday, the entire leadership in the northeastern province of Suwalki was voted out of office.

In Poznan, Tadeusz Grabski, a hard-line Politburo member, stormed out of the local party meeting at one stage Wednesday, declaring that he was ashamed to be taking part, the Warsaw daily Zycie Warszawy said.

The Poznan meeting was called to elect delegates to the party congress. The row erupted when a majority of the local activists refused by a 214-202 vote to endorse three candidates proposed by Warsaw.

The Poznan party members said they were not against the candidates as such, but argued that only activists nominated by local party cells were eligible to stand as congress delegates. One speaker called Mr. Grabski's accusations of anti-party activity a "gross affront."

At a provincial party conference at Piotrkow Trybunalski, 150 kilometers (95 miles) southwest of Warsaw, Stefan Olaszowski, also a Politburo member, warned Wednesday that past East Bloc crises had ended with Warsaw Pact military intervention. Mr. Olaszowski said that "crises occurred also in other countries: in Hungary in 1956, in East Germany in 1953, in Czechoslovakia in 1968."

Ending Crises

"In all these instances the crisis phenomena were ended by a military solution including an intervention of fraternal states, and in the case of Hungary, a Soviet intervention," Mr. Olaszowski said.

"We can function today as a state only if we are connected with the Socialist community," he asserted. "Some think the regime will change in Poland and then everything will be good. The Marshall Plan will come. [Union leader Lech] Walesa will go to the United States and everything will develop nicely," Mr. Olaszowski said.

"No," he added. "First, [the West] will give nothing. The West has already several times left us in the lurch. [Former party leader Edward] Gierek has, to a degree, also been left in the lurch. Our own stability can only consist in keeping our alliance ties."

On Thursday, the Polish news agency PAP said that Polish and Soviet army units were conducting joint training. "In accordance with plans, on Silesian army ranges in southern Poland."

Shift in Ties Seen by U.S.

(Continued from Page 1)

the left in which the Communists have their own agenda.

The Socialist emphasize that the French Communists have been so weakened in recent elections that they cannot hope to determine or block government policies, and that the decision by Mr. Mitterrand to bring them into the Cabinet was intended to prevent the Communists from attempting to rally leftist opposition against the government, particularly in trade-union ranks.

Socialist officials also point out that the four Cabinet posts given to the Communists — secretary of the ministries of transport, health, administrative reform and vocational training — will not give them access to sensitive defense or foreign-affairs information.

French state television quoted a telegram from NATO headquarters in Brussels asserting that "the alliance is satisfied by reassurances received from the French government concerning the protection of vital information on the defense of the 15 Western countries."

But French government officials, who have publicly insisted all along that the composition of the Cabinet was an internal French affair, declined to comment on reports that they felt obliged to specifically assure the United States and other NATO allies that Communist ministers would not be briefed on sensitive security affairs.

Britain Expects Problems

LONDON (AP) — The British Foreign Office said Thursday that the presence of Communists in France's government raised the problem of secrecy in exchanges with the French. But a spokesman said Britain was sure "these practical questions are capable of satisfactory answers."

Tass Sees Interference

MOSCOW (AP) — The Reagan administration, in criticizing the inclusion of Communists in the French Cabinet, "has undertaken an act of unbecoming interference in France's affairs," Tass said Thursday.

Crash in Alaska Kills 5

ANCHORAGE — A sightseeing plane crashed at the 9,000-foot level of Mount McKinley, killing the pilot and all four Japanese tourists aboard, a Federal Aviation Administration spokesman said Wednesday.

The crash occurred during a tour of the mountain, which is the highest peak in North America. The plane was carrying 11 people, including the pilot and four Japanese tourists.

The crash occurred about 10 miles from the summit of the mountain. The plane was carrying 11 people, including the pilot and four Japanese tourists.

U.S. Aide Reports Pakistani Assurance Of No Plans to Produce Nuclear Arms

By Judith Miller
New York Times Service

WASHINGTON — Pakistan has given the United States "absolute assurances" that it is neither developing nor planning to make a nuclear bomb, Undersecretary of State James L. Buckley has disclosed.

"I was assured by the ministers and by the president himself that it was not the intention of the Pakistan government to develop nuclear weapons," Mr. Buckley told a Senate Government Affairs subcommittee Wednesday.

He added, however, that Pakistan had not pledged to eschew so-called peaceful nuclear explosions such as the detonation by India in 1974, nor had it promised not to develop the capability to build nuclear weapons.

"One has to make a distinction between the nuclear option and nuclear weapon," he told the Senate panel.

Distinction

A senior State Department official said that Pakistan, unlike the United States, had always drawn a distinction between developing a bomb and a peaceful nuclear explosion. Despite U.S. prodding, President Muhammad Zia ul-Haq has not changed his view that Pakistan has the right to develop the option to detonate a supposedly peaceful nuclear explosion.

Mr. Buckley described Pakistan's assurances during testimony on the administration's nuclear-nonproliferation policy, which is under review, and on his two-day trip earlier this month to Islamabad to discuss resumption of U.S. military and economic assistance.

At the end of the visit, the administration and Pakistan jointly announced that they had agreed on a \$3-billion aid package, including the supply of advanced F-16 fighter planes.

In another area, Mr. Buckley told the panel that the administration was "in total absolute disagreement" with a speech Tuesday by President Saddam Hussein of Iraq, who called upon "all peace-loving nations of the world" to help Arabs acquire nuclear weapons.

Pretoria Rushes Program For Uranium Enrichment

(Continued from Page 1)

for the reactor at Pelindaba four years ago, but the South African Atomic Energy Board managed to stretch out what it had on hand by restricting use of the reactor. Eventually, it was in operation only a couple of hours a week. By the start of this year the supply was exhausted, but then Valindaba was ready to step into the breach with its own supply.

Even now with South African fuel elements, Mr. Roux said, the reactor is operating at less than full capacity. According to a Western diplomat who has studied the question, Koeberg would need about 100 tons of 3-percent-enriched uranium to start up. After starting up, the reactor can run for a year with about 30 pounds of highly enriched uranium, according to published reports.

South Africa does not have — and has no prospect of developing — the capacity to fabricate the fuel

Fighting at Abadan, Shelling Reported

(The Associated Press)

NICOSIA — Iraq has reported its forces clashed with tank-supported Iranian infantry at Abadan in southwestern Iran, killing more than 520 Iranian soldiers and forcing the rest to retreat.

Baghdad radio made the claim Wednesday in its daily communique on the war, which broke out last Sept. 22. Abadan, an oil-refining city on the northern tip of the Gulf, has been the scene of some of the fiercest fighting along the 300-mile (480-kilometer) front.



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Reported Remarks of Haig Aides Irritate White House

By Hedrick Smith
New York Times Service

WASHINGTON — White House officials have expressed consternation over reports that aides traveling with Secretary of State Alexander M. Haig Jr. criticized the chief UN delegate, for her handling of the Security Council resolution condemning Israel's attack on an Iraqi nuclear reactor.

Nonetheless, White House officials said they assumed that Mr. Haig's aides had spoken with the secretary's blessing. They added that they were deeply puzzled about why Mr. Haig would want criticism of administration officials coming from his aides, particularly after the earlier problems he had within the administration.

Mr. Haig was in a confrontation with the White House on March 24, when he publicly questioned President Reagan's plans to put Vice President Bush in charge of the administration's crisis-management team. Mr. Haig's aides said at the time that he had come close to offering his resignation when he learned through news reports that Mr. Bush was getting that post.

After consultations with the White House, the State Department issued a statement Wednesday denying the reports attributed to Mr. Haig's aides.

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BIPARTISAN EFFORT — Sen. Henry M. Jackson, left, Democrat of Washington, talked with two Republicans, Sen. Rudy Boschwitz of Minnesota, center, and Sen. Robert Packwood of Oregon, about a bipartisan request that President Reagan withdraw his proposed arms package for Saudi Arabia to avoid the "embarrassment" of having Congress defeat it.

Portrait of a Fugitive: Bani-Sadr Sought In Iran as '2d Shah' and 'Son of a Dog'

TEHRAN — The portrait of Abolhassan Bani-Sadr that once hung beside that of the revered Ayatollah Ruhollah Khomeini in homes and offices throughout Iran is now nowhere to be found.

But a crudely drawn picture of Mr. Bani-Sadr on a poster pasted to the wall of the Ministry of Justice in Tehran proclaims the fugitive former president to be a wanted man.

An inscription on the poster reads: "A reward is offered for the person informing the Revolutionary Guard of this man's whereabouts. Reward: a place in heaven."

Two weeks ago, Mr. Bani-Sadr returned to Tehran from one of his many tours of the front in the war with Iraq, looking tired and dejected after Ayatollah Khomeini, Iran's revolutionary leader, dismissed him as commander in chief of the armed forces.

He has not been seen in public since and is now a hunted man, sought by revolutionary prosecutors who have issued a nationwide order for his arrest.

Dismissed as president by Ayatollah Khomeini on Monday after his impeachment by the Majlis (parliament), Mr. Bani-Sadr is on his way to becoming a nonperson in Iran. The day after he was fired from the presidency, his picture appeared on the front page of a



Abolhassan Bani-Sadr

Waldheim following the execution of seven Baha'is in Iran earlier this week, according to a press statement by the Cyprus Baha'is Assembly. The statement said the latest executions raised to 40 the number of Baha'is executed by Iran's Islamic revolutionary courts since the overthrow of the shah.

Reagan's Foreign Policy Criticized by 3 Democrats

WASHINGTON — After months of relatively diplomatic silence, the Democratic Party's foreign policy hard-liners have enthusiastically joined the ranks of President Reagan's critics, firing a few carefully aimed first strikes at the way the new administration is going about the shaping of national-security policy.

Sen. Henry M. Jackson of Washington, Sen. Daniel P. Moynihan of New York, and Zbigniew Brzezinski, national-security adviser to former President Jimmy Carter, used a forum Tuesday sponsored by the Coalition for a Democratic Majority to criticize the Reagan administration. But their salvos were carefully targeted to cause no damage to the basic national-security decisions that the new administration has made — and that they themselves support.

Sen. Moynihan was the most pointed in his criticism. "I was appalled at the way we have handled ourselves in Asia and Pakistan in the last few weeks," he said. He criticized Secretary of State Alexander M. Haig Jr. for having offered military arms sales to the Chinese and "spoken nothing in return," and he spoke out against the administration's decision to sell F-16 jet fighters to Pakistan.

Sen. Jackson contended himself mostly with raising questions that he said the administration had failed to answer, rather than providing suggested answers of his own. "Where is the administration's general strategy to deal with the range of threats confronting the Middle East?" he asked.

Carter Hostage Deal With Iran Worries U.S. Justices

WASHINGTON — Justices of the U.S. Supreme Court have raised unexpected strong concerns about the legality of the United States' hostage-release agreement with Iran.

At an emergency session Wednesday to determine whether the president is empowered to transfer to Iran billions of dollars, much of which has been claimed by more than 400 U.S. companies, several justices questioned the government sharply about the fact that Congress was not consulted before the agreement was finalized.

and wondered aloud whether a ruling in favor of the president might allow him to abridge fundamental rights during future international crises.

An Airliner Loses Bags Above Italy

MILAN — An Italian DC-9 jetliner lost part of the passengers' luggage in flight over northern Italy, airport authorities reported Thursday.

A door of the cargo hold opened Wednesday, dropping the suitcases into a rural area, authorities said. There were no reports of other damage or injuries on the ground.

The incident occurred on a plane of the Italian domestic airline ATI bound for Palermo, Sicily, from Milan.

2 Jewish Groups in U.S. Oppose Participation at Moonie Meeting

WASHINGTON — Two major Jewish organizations have urged Jewish scholars to turn down invitations to a conference to be held in Israel this summer because it is being sponsored by the Rev. Sun Myung Moon's Unification Church.

Liberia Keeping Soviet Shipment

MONROVIA, Liberia — Liberia has confiscated Soviet communications equipment originally intended for use in Moscow's embassy here, officials said Thursday.

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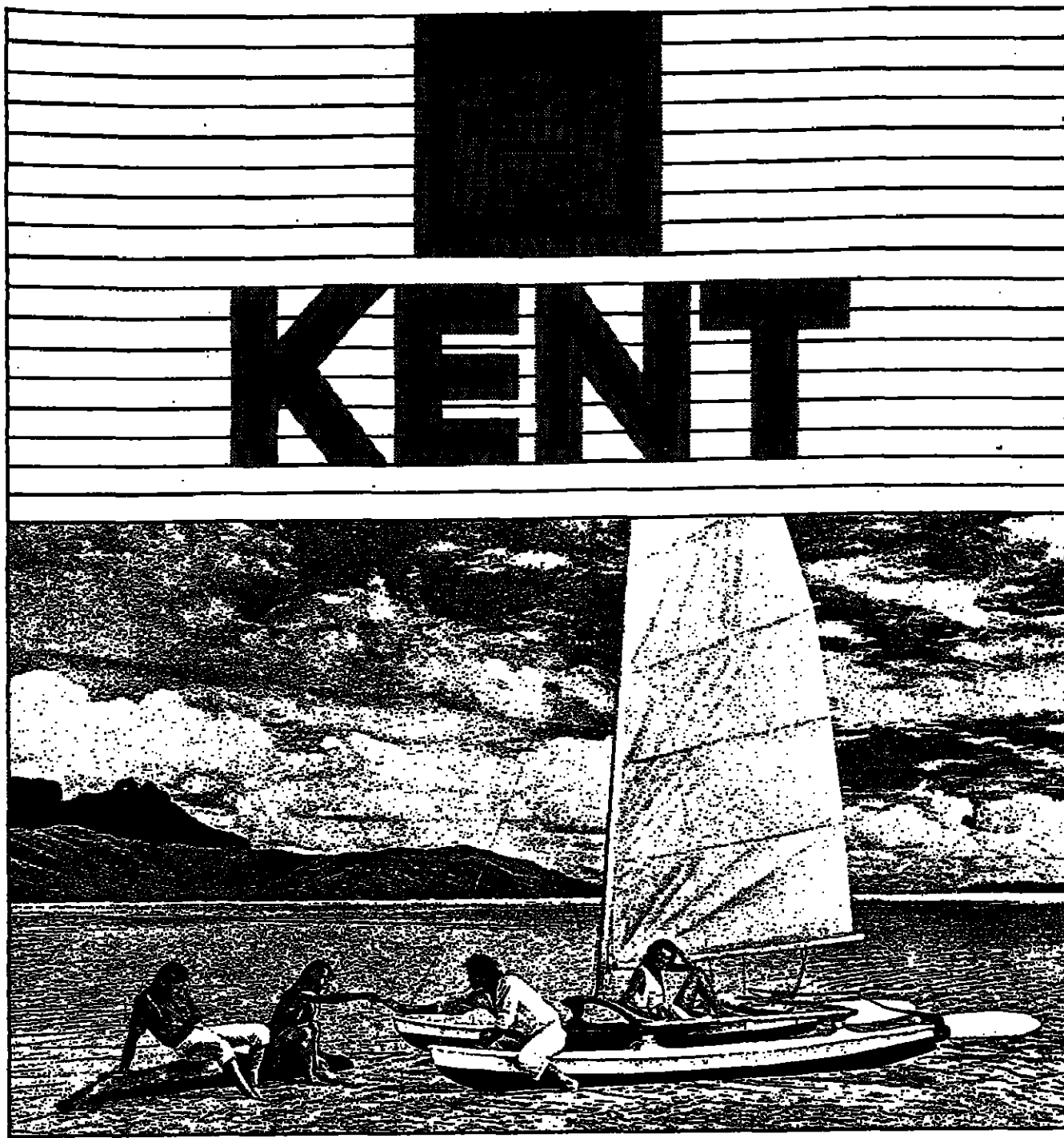
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House Gives Reagan Major Budget Victory

U.S., Spain Hold Talks on Bases

The Associated Press
MADRID — U.S. and Spanish negotiators opened their second round of negotiations Thursday on the future of U.S. air and naval facilities in Spain.

The House defied its Democratic leaders and accepted the Republican position on a procedural vote that permits a single up-or-down vote on budget revisions that the president wants.

The vote was 217-210, with 29 Democrats defecting to the Republican side. One Republican, John T. Myers of Indiana, accidentally voted with the Democrats.

The action was followed by three more procedural votes, the last one sealing the Republican position, 214-208.

In Los Angeles with the president, Larry Speakes, his deputy press secretary, said the White House "is extremely pleased" with the vote, which he said bodes "extremely well for administration chances on the budget package."

"This was a tough fight," Mr. Speakes said. "I think every step of the way we're going to have to fight."

The president was in Los Angeles on a cross-country trip to campaign for his economic plan.

Package Preferred

Republicans prefer the one-vote approach, which allows them to present a single package endorsed by Mr. Reagan. Democratic leaders wanted to divide the package into six amendments and remove added funds Republicans are offering for a few politically popular programs.

The vote on the procedural issue means the House will now decide between two packages — the \$37.7-billion bill recommended by 15 Democratic-controlled House committees and the package of revisions Mr. Reagan wants, under which the spending reductions would be more extensive and longer lasting.

O'Neill's View

The House Republican leader, Rep. Robert H. Michel of Illinois, had vowed to "go to the mat" against Democratic leaders in a procedural fight. He said that if the package were split up, "they're not our amendments at all, they're Democratic amendments, and we don't want any part of them."

But the House speaker, Rep. Thomas P. O'Neill Jr., Democrat of Massachusetts, said Rep. Michel had expressed satisfaction with the decision until "he had his arm twisted by the White House."

"He thought it was *damned fair* when we talked about it the other morning," Rep. O'Neill said.

Mr. Reagan called the Democratic move a "parliamentary gimmick to thwart the will of the people" and said it would "effectively

sabotage our attempts to cut federal spending."

"No way are we obstructing," Rep. O'Neill said in a television interview. "We are doing exactly what the president of the United States has asked us to do — get this bill out as quickly as we possibly can. If there's any obstruction, it will be the Republicans ..."

Late Wednesday, the White House announced Mr. Reagan had sent telegrams to all 190 House Republicans and 63 conservative Democrats who had voted for his original budget proposal, asking their support in the procedural fight. With the unanimous support of Republicans, he still needed the votes of 26 Democrats to win.

Senate Version

The House fight began as the Senate acted on amendments and headed toward approval of its version of the spending cuts — a \$39.6-billion package supported by Mr. Reagan.

The Republican proposal involves expenditures for food stamps, welfare and the Social Security minimum benefit, student loans and child nutrition, pay increases for federal employees, housing programs and Medicaid.

FAA Chooses New System To Avert Midair Crashes

By Carole Shifrin
Washington Post Service
WASHINGTON — The Federal Aviation Administration has announced a major decision on the type of air-safety equipment that will be used in the future to minimize the possibility of midair collisions.

FAA Administrator J. Lynn Helms told the Aero Club on Tuesday that the new system would allow a private pilot to be warned that another aircraft is dangerously close before it can be seen and without any need for ground contact. The system in 2,200 airline aircraft will do even more, providing important new collision-avoidance capability, he said.

"If we're asking for a 100-percent-effective collision-avoidance service, the only one I know of is [to] ground all the airplanes but one," Mr. Helms told reporters after his speech. A possibility of a collision will remain even with a new system, "but the probability will be drastically reduced," he said. "There's no question that it will be a great step forward for aviation safety."

The system Mr. Helms decided on involves two different but compatible elements, one for use in the smaller planes flown by private pilots and the other for the scheduled airlines and business aircraft users.

The less extensive "threat alert" element for the private aircraft pilots will provide, at a minimum, a visual or aural alarm alerting the pilot that he or she is close to another airplane carrying the same system, Mr. Helms said.

This equipment will cost an estimated \$2,500. For a little more money, he said, the system also can advise the pilot of whether the other aircraft is higher or lower in altitude or provide a display showing the "o'clock position" and range of "threat" aircraft with the more advanced equipment.

More Complex Element

More capable than anything used so far, the system for the major aircraft users will provide collision-avoidance capability in very high-density traffic situations such as Chicago and New York. Estimated to cost between \$45,000 and \$50,000, it will be able to see a smaller airplane, locate it by bearing and altitude, then send a direct signal to the smaller plane advising its pilot of the larger plane's position and altitude. The system can have a link to the ground but not be dependent on it, Mr. Helms said.

An aeronautical engineer and former military test and research pilot who has logged more than 10,000 hours, Mr. Helms said he personally flew in a small airplane last Friday to test the system in six airborne experiments with the FAA's 727. He said they "firmly proved" that it worked.

The 727 system picked up the small airplane before visual contact was made, was able to maneuver around it, and, in addition, sent a signal to the small airplane that advised the pilot which way to go to avoid a collision, he said.

The FAA said private business firms had indicated that the less complex element of the system could be in volume production in 36 months, and the more complex one in 48 months.

Reagan's Rating Dips in 2d Poll

Washington Post Service
WASHINGTON — For the second time in a few days, a leading polling organization has reported a decline in the popularity of President Reagan. In a Louis Harris poll, 60 percent of 1,245 persons interviewed early this month gave Mr. Reagan a favorable rating and 39 percent gave him a negative rating, compared with 67 percent favorable and 29 percent negative in a Harris poll in April.

In overall estimates Mr. Reagan "stands very high indeed," a Harris commentary said, "but on specific, especially those related to his key domestic and foreign-policy stands, his ratings have dropped since late April, with many of them now on the negative side."

Mr. Reagan's scores were lowest for "caring for the poor, the elderly and the handicapped," "appointments to important positions in his administration," and "getting inflation under control."

On Sunday the Gallup Poll reported a deterioration in Mr. Reagan's performance rating in early June to 59 percent favorable and 28 percent negative, from 68 percent favorable and 21 percent negative in May.

Needing Cash, Cuba Opens Door to Shared Ownership

By Jo Thomas
New York Times Service
HAVANA — The Cuban government, badly in need of dollars and the goods they buy, intends for the first time under Communist rule to share with foreign corporations both the ownership and management of a luxury tourist resort.

A free port comparable to those in the U.S. Virgin Islands is to be set up on the island of Cayo Largo, off Cuba's southern coast.

Cuba also quietly established about a year ago a fast-growing commercial trading company, Commercial Muralla, which is offering products ranging from frozen cattle embryos to cement for cash, bypassing Cuba's turgid state trading channels.

A Cuban official told Canadian executives in March that Havana was so eager for hard currency unavailable from Communist trading partners that artificially low production figures were being reported to Moscow so undeclared surpluses could be sold to the capitalists.

These developments underscore Cuba's determination to put flexibility in its economy and to gain better access to capitalist products, markets and financial resources, despite the U.S. trade embargo.

The drive for improved economic ties with the West, which now accounts for about 20 percent of Cuba's foreign trade, may also explain why President Fidel Castro's public responses to the Reagan administration have been relatively restrained.

According to Lawrence H. Theriot, Cuban desk officer in the U.S. Commerce Department's Bureau of East-West Trade, Cuba has \$2.9 billion in external and hard-currency debt of which \$1.9 billion is to commercial banks at interest rates that float with current high market rates.

Mr. Theriot and Amadeo Blanco-Valdés-Farley, the Cuban deputy minister of external commerce, agreed that 1980 was a good year for Cuba in the world marketplace. Sugar, which accounts for 83 percent of Cuba's exports, reached a peak at 40 cents a pound and, although the harvest was poor, helped produce a \$50-million trade surplus, against a \$70-million deficit in 1979.

Sugar prices, however, have dipped this year, and another source of dollars, visits home by exiles, seems likely to dwindle. These visits, which in 1979 yielded between \$100 million and \$150 million by Mr. Theriot's estimate, this year will bring only \$40 million, according to Jesús Jiménez, vice president of the state tourism organization.

Major Tourist Project

The Cayo Largo tourist project, which is expected to be under way by 1985, is an effort to attract the big-spending luxury trade that now goes elsewhere in the Caribbean to sun, relax and shop. Cuban hotels are generally clean, but hot water and good service range from sporadic to nonexistent, and there is little to buy.

Mr. Jiménez hopes that \$300 million in hotels, villas and cabanas can be developed on Cayo Largo in partnership with private foreign investors. Depending on how much they invest, these foreigners would go into partnerships with one of the 25 companies run by the state tourist agency. These partnerships would take over the management and share the profits from the resort developments.

There are more than 10 miles (16 kilometers) of wide beaches on the island, plus coral reefs and sunken ships nearby for scuba divers. A golf course is planned, along with shopping and restaurants. The accommodations will be low-density. "We don't want to make it a Miami Beach," Mr. Jiménez said.

No casino gambling will be allowed, and it is unlikely that Cuban citizens will be able to shop in the stores, which will ask payment in foreign currency or credit cards. (MasterCard and Diners Club are already accepted at hotels in Havana.)

Mr. Jiménez is now negotiating with Japanese and Canadian groups as well as the Club Med franchise, which he said wants to build a resort on the island and help complete the design on a 71-room Cuban hotel, the island's first, which will open next month.

Russia May Increase Afghan Weaponry

The Associated Press
NEW DELHI — The Soviet Union probably will send more advanced weapons instead of more troops to Afghanistan for the war against the Moslem rebels, according to a Western military expert.

But the anti-Communist guerrillas who control most of the rugged Afghan countryside also are receiving modern weapons and training, the expert said, and the Russians "will have to do a lot of thinking."

The military observer spoke to reporters Wednesday on the condition that he not be identified by name or nationality.

He asserted that Soviet troops are using toxic chemicals that are "nonpersistent, lethal, mainly nerve gas. They are probably testing some new stuff, too, but the main use is of conventional stuff."

"They use it indiscriminately to clear an area," dropping gas bombs before a troop column passes through, he said. "It makes things a lot easier."

The source said his information confirmed a diplomatic report in March that 5,000 to 15,000 more Soviet troops had been sent to Afghanistan, a report the U.S. State Department said was not true.

Even if the 85,000 Soviet troops in Afghanistan have been increased to 100,000, many more will be needed to stamp out the resistance, the expert said. However, he added, "I predict more and better weapons instead of a lot more troops."

In the past 60 days the Russians have started using night-vision equipment, putting a crimp into the after-dark activities of the insurgents, he said.

"They are learning a lot about the use of helicopters, the use of light armor," he continued. "I expect to see greater use by the Soviets of more sophisticated airborne weapons, such as CDBs — canister-delivered bombs — for example."

Intense Fighting

"The rebels are getting more sophisticated, too," the expert said. He said they are getting such weapons as surface-to-air anti-aircraft missiles, or SAMs, and rocket-propelled grenades across the borders with Pakistan and Iran. They also increase and improve their arsenals by capture, the expert said, and "all the weapons they need are available within the Soviet ranks."

"If the rebels ever get a lot of SAMs, the Soviets are in trouble," he added.

The fighting is reported to be intense, with the rebels continuing their harassment of the Russians, the badly crippled Afghan Army unable to mount a serious challenge, and the Soviet Union and its local allies unable to stamp out the insurgency.

In perhaps their most spectacular success, guerrillas took control of Kandahar, the country's second largest city, earlier this year and held it for several weeks.

That probably was a mistake, the expert said, since the Russians recaptured the city and demonstrated that the rebels are not strong enough to confront a major military force.

Yet the "holy warriors," as the rebels call themselves, continue to operate throughout the country and even in Kabul, despite tightened security in the capital, he said.

Rajiv Gandhi Named To India Youth Group

The Associated Press
NEW DELHI — Prime Minister Indira Gandhi's son, Rajiv, has been named to the executive board of a powerful Indian youth organization of the ruling Congress-I Party. It is his first such appointment since he entered politics last month and was elected to Parliament.

Mr. Gandhi, a former airline pilot, was nominated Wednesday for membership in the national executive of the Indian Youth Congress by its president, Ghulam Nabi Azad.

30 Injured at Bullfight

United Press International
VIGO, Spain — Thirty persons in a crowd of 5,000 were injured Thursday in the Galician town of Nigrán when a makeshift grandstand collapsed at the end of a bullfight, police said.

Judge Acquits Isabel Peron of Misuse of Funds

The Associated Press
BUENOS AIRES — A judge has acquitted former President Isabel Peron of charges she misused executive funds, increasing the possibility that she might be freed next month.

"The evidence is not sufficient to show criminal conduct on the part of the defendant," Judge Pedro Carlos Narvaiz said Wednesday.

Mrs. Peron, 50, who succeeded her husband, Juan Peron, as president after his death in 1974, was overthrown and arrested in a military coup in 1976. She has been detained at her former presidential retreat in San Vicente, 20 miles (32 kilometers) from the capital.

She is serving an eight-year sentence imposed last March for misuse of charity funds during her tenure. She also faces a charge that she illegally transferred a government building to her party.

Her lawyers have appealed the charity-funds sentence, but even if it is upheld, she could be free at the end of next month provided she is also acquitted on the building-transfer charge.

Edward Ball, 93, Who Managed Alfred I. du Pont Trust, Is Dead

New York Times Service
NEW ORLEANS — Edward Ball, 93, chief trustee of the \$2-billion Alfred I. du Pont Trust, died Tuesday.

Through his management of the estate of Alfred I. du Pont, his brother-in-law, Mr. Ball became one of Florida's most influential and controversial citizens, building an empire of banks, railroads, and more than 1.1 million acres of Florida and Georgia pineclands.

Lola Lane

LOS ANGELES (LAT) — Lola Lane, 75, one of the three Lane sisters who starred in American films, died Monday. She had long been afflicted by inflammation of the arteries.

Miss Lane was born Dorothy Mulligan in Indianola, Iowa. Her 37 films included "Speakeasy" in 1929, "Marked Woman" in 1937 and "Deadline at Dawn" in 1946. Priscilla Lane is the only survivor of the Lane sisters; Rosemary Lane died in 1974.

Opal B. Hill

KANSAS CITY, Mo. (UPI) — Opal B. Hill, 89, who in 1939 became the first woman golfer after Helen Hicks to turn professional and was an organizer of the Ladies Professional Golf Association, died Tuesday.

Rajiv Gandhi Named To India Youth Group

The Associated Press
NEW DELHI — Prime Minister Indira Gandhi's son, Rajiv, has been named to the executive board of a powerful Indian youth organization of the ruling Congress-I Party. It is his first such appointment since he entered politics last month and was elected to Parliament.

Mr. Gandhi, a former airline pilot, was nominated Wednesday for membership in the national executive of the Indian Youth Congress by its president, Ghulam Nabi Azad.

30 Injured at Bullfight

United Press International
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Troubled U.S. Vets: From Front to Center

By Jerry Belcher
Los Angeles Times Service

VENICE, Calif. — Like the dozen other Vietnam veterans gathered in the old converted gymnasium on this hot summer evening, the newcomer is in his early 30s and looks older than his years.

All except one of the others are regulars at the Thursday-night discussion session that is about to begin in the lounge of the Vets Center in this Southern California beach community. The regulars are seated in a circle, sipping orange juice (several are recovering alcoholics) and talking easily.

The newcomer sits within the circle, but somehow seems distant and apart from the rest of the group; he is silent, shifting restlessly in his chair, glancing at the open front door as if plotting an escape.

Now he folds his arms tightly across his chest, closing himself off

from the others. There is no small talk in this young man.

Indeed, there may be no talk at all: it seems unlikely at this point that Tom Ambrose and Frank Walker, two of the three Veterans Administration professional counselors who staff the Venice Vets Center, will be able to get the newcomer to open up.

The rap session, along with one-on-one counseling and use of the more conventional Veterans Administration programs, is a key element of the so-called "storefront" centers in the VA's "Operation Outreach."

Pistol Under the Pillow

But when Mr. Ambrose opens the rap session ("Let's get into what's going on in our lives right now," he says in his soft, low-key manner), it is the newcomer who is the first to respond. And his re-

sponse is an explosive scatter of words:

"What's goin' on in my life, man! I been arguing with ... the VA for three years is what. And nothing is happening. That's what's happening in my life — nothing. This shrink at the VA hospital, he wants me to talk about my childhood. I already know about my childhood, for Christ-sakes!

"What I need to know is why I'm pissed off all the time. Why I'm alcoholic. Why I have nightmares [and] see my buddies getting killed over and over and over. Why I sleep with a pistol under my pillow."

He is near tears now, his voice edging toward hysteria.

"Man, what's goin' on in my life? I'm doin' the desperation boogie ... I'm all tangled up. I can't cope. I want revenge ... The government just used me up and threw me away, man!"

He mentions the gun again, then tells a disconnected story about flying into fury a few days earlier because — despite the fact he is a skilled mechanic — he was so distracted that he was unable to repair an automobile transmission.

Just Start Shooting!

"If somebody'd walked in then — I had that gun in my hand — I don't know what would have happened," he says. Then, later: "At this point I can't decide whether to blow my head off or just start shooting other people."

As the session goes on the newcomer's rage is spent — at least for the time being — but others pick it up. There are loud quarrels, two men stalk out in anger and frustration.

Then the anger subsides and war stories begin — some funny, some sad, some horrific, nearly all in cynical, profanity-spiked hostile anecdotes. A tall, balding ex-Marine hits again and again at the theme of patriotism betrayed: "We didn't lose in Vietnam, we just couldn't win. We weren't losers, the people back here in this damn country were the losers ... lying, cheating, bunch of cowards and losers ... The war in Vietnam was the death of honor in this country ..."

And so it goes for 2½ harrowing, exhausting hours. The session ends in calm.

(An epilogue: four days after taking part in the evening rap session at the Venice center, the troubled newcomer — voluntarily and with the help of Frank Walker — entered a special live-in psychiatric treatment program for Vietnam veterans at a Southern California VA hospital.)

Congressional Support

The Venice Vets Center opened in May, 1980. Since then, the three counselors have dealt with more than 700 Vietnam veterans, each of whom may require dozens of hours of guidance.

The center's counseling team believes its program is effective — a hard, time-consuming way of working veterans through their troubles in combination with individual counseling and guidance in getting them into programs for treatment of drug and alcohol abuse.

Until recently, the entire Operation Outreach program, established during the Carter administration, was threatened with extinction by the budget-conscious Reagan administration.

But Congress is solidly behind it, and early this month the Senate restored \$6 million to the budget to establish an additional 28 Vet Centers across the country.

And the House voted 388-0 to approve a bill extending the eligibility of veterans to participate in Operation Outreach for another three years. On June 15, the Senate approved the same bill, 99-0. Capitol Hill observers expect President Reagan to sign it into law next month.

Experts Debate Terrorists' Connections

(Continued from Page 1)

this spring that senior West German security officials suspected that Palestinian groups associated with the Palestine Liberation Organization gave paramilitary training to neo-Nazi groups. The PLO representatives in West Germany denied this. The same West German officials said they possessed clear indications that fugitive members of extreme-leftist terror groups were hiding in regions of Lebanon controlled by the PLO.

Israeli intelligence files overflow with allegations of both old and fairly recent contacts between Palestinian groups and both neo-Fascist and leftist terrorists, but this so-called evidence does not necessarily mean that active support of international terrorism by the PLO or other so-called "rejectionist" groups has actually increased.

For instance, the CIA's annual report on terrorism published June 15 (covering 1980 and reviewing events since 1968) said, "Palestinian terrorist actions in 1980 did not reach the level experienced during the 1970s."

Japan Protests Plan For Soviet Firing Drill

TOKYO — Japan has officially protested the establishment of a danger zone for a firing exercise off Etorofu, a Soviet-held island claimed by Japan, a Foreign Ministry spokesman said Thursday.

A protest note was delivered Wednesday to the Soviet Foreign Ministry in Moscow, he said. The four-day exercise is due to start Friday in the declared zone, which is about 50 miles (80 kilometers) off Japan's northern island of Hokkaido. The Soviet Union rejected the protest, the spokesman said.

It added that el-Fatah, the largest group in the PLO and the one directly led by Yasser Arafat, presumably is awaiting results of Mr. Arafat's diplomatic initiatives on a Palestinian state and has restricted international terror attacks to the Middle East.

The opinions of the European security officials about Soviet complicity in international terrorism were noticeably milder than those of some journalists, authors and American politicians.

A West German official, for instance, said in May: "From our point of view, there are no facts in hand that would allow us to say that the Soviet Union is behind West German terrorists in any direct sense. This goes for the entire Eastern European bloc."

View From Spain

Spanish officials, on the other hand, have been more willing to suggest that the Soviet Union has, to some extent, assisted the Basque group known by the initials ETA. Spanish officials reported privately that Soviet Foreign Minister Andrei A. Gromyko suggested to them two years ago that if they went forward toward NATO membership, Spain would face a worsening terrorist problem.

Gen. Umberto Capuzzo, the commander of the Carabinieri, Italy's paramilitary national police, said in February that "Italian terrorism is sui generis; there is no great brain abroad." Gen. Capuzzo said that operationally speaking the worst is over in Italy and the police have crippled the Red Brigades and Front Line, two major terror groups, as much as is militarily possible.

The CIA report said the Irish Republican Army was not as active as a terror group in 1980. The IRA, in fact, seems to have

switched to hunger strikes as a means of gaining publicity.

British security officials spoke of training that some IRA members are believed to have received in Palestinian camps in Lebanon and elsewhere in the Middle East in the 1970s, but they said this relationship did not appear to have continued.

The foreign group most important to the IRA appears to be Irish-Americans. Sean O Bradaigh, the spokesman for Sinn Fein, the political arm of the IRA, called Irish-Americans "our backbone."

The fact that financial donations from Americans are apparently used to buy Soviet-designed weapons somewhere in the Middle East to shoot at British soldiers in Ulster is only one element in an increasingly complex argument about the roots of international terrorism.

Cabinet Resigns In Transition to 3d Marcos Term

MANILA — The Cabinet of President Ferdinand E. Marcos resigned Thursday under constitutional procedures adopted recently. The presidential palace said the resignations were intended to permit Mr. Marcos to restructure the Cabinet for the start of his new term next Tuesday.

The palace described the resignations as a show of confidence in Mr. Marcos after his re-election June 16.

Already in office since 1965, Mr. Marcos will start a six-year third term with sweeping powers similar to those he held for eight years under martial law, which he lifted last Jan. 17.

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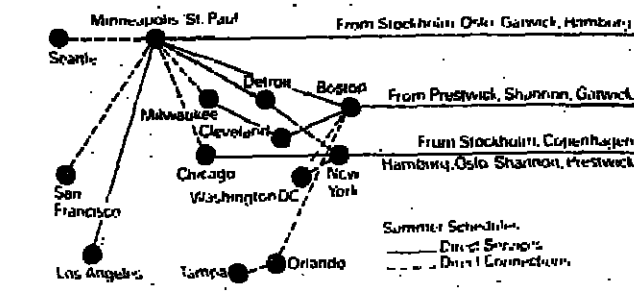
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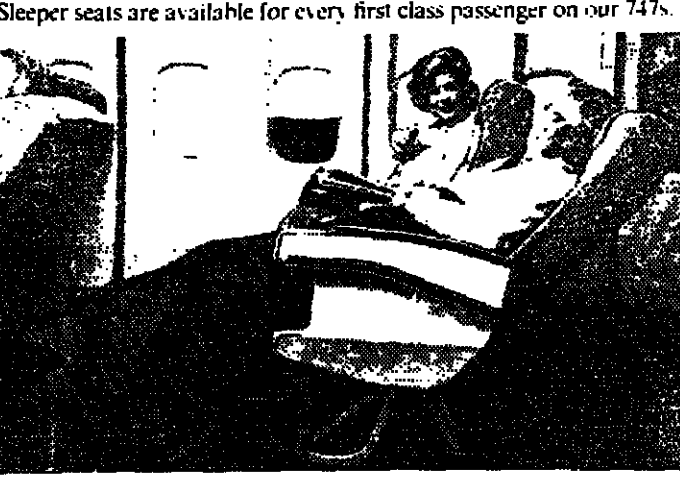
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EEC Prepares the Ground

The European Commission has made its deadline and a good start in producing a broad outline for solving the EEC's budgetary and agricultural problems. The commission report only sets the terms for the political debate that will follow, but it has offered an approach that seems reasonable and equitable. When looked at from national perspectives, as it inevitably will be in the bargaining to come, there is much room for dissatisfaction. But from the community point of view, it is a balanced, sensible document directed at solving problems that have caused friction within the EEC since its founding and more so since its expansion from the original Six.

Regrettably, some of it has little chance of completing the political passage from recommendation to reality. The commission proposes, for example, that EEC food prices be brought in line with generally lower world market prices. In recognition of the fact that small farmers in the Community will suffer a loss of income, it suggests that certain farmers would be entitled to direct subsidies. It implies that those subsidies would be paid by individual governments, not out of the EEC's agricultural budget. Such a change is bound to be unpopular with countries such as West Germany, which pays more into the EEC than it gets back, and France, whose farmers are major beneficiaries of the current system.

Bonn is also bound to be displeased with the fact that the commission report specifically recommends budgetary relief for Britain and rejects West Germany's claim that it, too, is paying an unacceptable amount. After all, the West Germans will argue, not totally without justification, the Danes, the Dutch

and the Belgians are relatively rich, too. Why do we have to carry so much of the burden? It's a good bet that before the bargaining is over, Bonn will use its considerable muscle to redress the situation to some degree.

The commission report is aimed principally, though, at overhauling the Community's Common Agricultural Policy (CAP), the only fully integrated policy instituted since the EEC was founded. It suggests ways of preventing the CAP from consuming 70 percent of the EEC budget. These include discouraging the production of huge agricultural surpluses and the previously mentioned recommendation to bring EEC farm prices in line with world price levels. This will be unpopular with farmers throughout the community and tough agricultural ministers such as West Germany's Josef Ertl can be expected to fight hard against such changes.

The report suggests lifting the ceiling — currently 1 percent of VAT — on national contributions to the EEC budget, and using the European Monetary System as a corrective mechanism to equalize differences in inflation rates and economic performances in member countries. Much of the money saved or new money raised, if all or part of the commission report is adopted, would go toward social and regional development projects. Wisely, the report is not too detailed, leaving ministers room to negotiate with greater flexibility than if its message appeared to be etched in stone. Little will happen between now and September, but the report should provide good summer reading for the ministers and technocrats involved.

INTERNATIONAL HERALD TRIBUNE.

Echoes of Vietnam

Some truly bizarre echoes of the U.S. involvement in Vietnam drifted out of Secretary of State Alexander M. Haig Jr.'s East Asian progress. In Peking, his regional aide, John Holdridge, gave an address to the American Club in which he spoke of the U.S. hopes and plans for ending Vietnam's occupation of Cambodia. Normalizing relations with Hanoi won't work, Mr. Holdridge said: "If you give [the Vietnamese] what they want, this does not make them change their policy in any way. So we will seek, if we can, to find ways to increase the political, economic and, yes, military pressures on Vietnam, working with others in ways which will bring about, we hope, some change in Hanoi's attitude toward the situation."

... And, yes, military pressures on Vietnam? What an extraordinary suggestion for a U.S. official to make, especially in China, which is already supporting some of the very anti-Vietnam Cambodians to whom Mr. Holdridge was evidently alluding. Secretary Haig later retreated to the more cautious formulation that no aid decision has been made. Still, it seems unthinkable that barely six years after ending one intervention in Southeast Asia, the United States should be close enough to considering support of another to be floating a trial balloon. Would U.S. public

opinion stand still for one minute for an indirect re-entry to the Indochina wars?

The truth is that, on Vietnam, the United States is caught between bad choices. One choice is normalization; this would entail cultivating Vietnam's "Titoist" nationalist instincts and playing on its evident frictions with the Soviet Union, as New Zealand, for one, recommends. But the administration's ideology and sense of strategy, and the domestic politics of it all, incline it against this policy. A second choice is the sort of full-court press Assistant Secretary of State Holdridge described in Peking. But not only would much of U.S. public opinion object to a military dimension. As distressed as they are by Vietnamese aggression, a number of the allies and friends of the United States in the region are not adverse to seeing China, a traditional threat, distracted by Vietnam.

Already under Jimmy Carter the United States was stiffening its military posture in Asia. Mr. Reagan is extending that policy in ways — the sale of arms to Peking, for instance — whose implications the region will need some time to absorb. The United States remains part of the regional balance of power. But it is not now given to the United States to set straight the affairs of Indochina. It never was.

THE WASHINGTON POST.

International Opinion

The New French Cabinet

The inclusion of Communists in the government of Francois Mitterrand seems to reflect both the confidence of the French Socialist Party and its concern over its political future.

Rarely since World War II have the Communists been brought into the governments of Western Europe. However, the election of Mr. Mitterrand has changed dramatically the political picture in France.

Perhaps, the Socialists felt so confident that they believed it would be harmless to allow the Communists to join the Cabinet. This may be true but the Socialists had a more practical reason for doing so.

With the Communists in the government, the Socialists can expect cooperation from the Communist-led CGT, France's largest labor federation. Perhaps the Socialists remember that the Popular Front government formed in 1936 was shaken by violent strikes.

The Socialists now have the support of more than 40 Communist members in parliament in addition to their own majority. This provides some stability in the operation of parliament but does not ensure stability within the party.

It seems likely that the government will have to negotiate and make compromises with diverse factions before presenting legislation. If Mr. Mitterrand fails to do this and tries to force through legislation without firm support, the party could split.

— From the Daily Yomiuri (Tokyo).

The French Communists have entered the French government with more of a whimper than a bang. The looming threat which they seemed to represent only four years ago has

shrivelled away. They come now as supplicants, much reduced by severe losses at the polls. An historic event which might have sent tremors is now being greeted in most capitals with little more than a shrug of the shoulders.

President Mitterrand has had close contacts with Communists since his time with the Resistance movement against Nazi occupation. He knows them well enough not to trust them and he is now strong enough not to have to trust them. They have accepted his terms and if they break them he can manage on his own.

But the real significance of what has happened in France is that the Socialists have dramatically overtaken the Communists as the main force on the left. If Italy is influenced it could be as much by this as by the arrival of Communists in government.

— From The Times (London).

On Soviet Expediency

The latest developments in and around Poland give rise to a need to draw conclusions about attitudes to the Soviet Union in general. There is obviously little point in talking to Moscow and its obedient satellites about European security and cooperation in Madrid while Poland lives under the threat of intervention.

When the Soviet leaders make it as clear as they have done in the last few days that their international undertakings as to nonintervention and the rejection of force will always be subordinated to the maintenance of Communist Party rule, Moscow's partners to contracts and negotiations are bound to sit up and take notice.

— From the Neue Zuercher Zeitung (Zurich).

In the International Edition

Seventy-Five Years Ago

June 26, 1906

INTERLAKEN, Switzerland — The experiment of pursuing by automobiles a balloon imagined as carrying dispatches from Zurich, considered as being surrounded by hostile forces, was repeated yesterday. The balloon Mars was again victorious, landing in the Vorarlberg after five hours' journey, distancing all the automobiles and avoiding capture. Meanwhile, from Ireland come the report that Eamonn McNulty, of Creeslough, County Donegal, is enjoying a week's sojourn in a Derry jail, because he refuses to take out a license for his dog unless the document is issued to him in Irish. He contends that it is impossible to spell his name save in Irish. In that language, his name is Mac-an-Ultaigh.

Fifty Years Ago

June 26, 1931

NEW YORK — Jean Norris, New York's first woman magistrate, has been removed from the bench by the justices of the Appellate Division of the Supreme Court. In charges against her conduct in the Women's Court over which she presided, filed by Samuel Seabury, special referee for the court in the magistrates' inquiry, Mrs. Norris was accused of severity, unjudicial conduct, altering the court records and acting in an arbitrary manner, especially in dealing with woman prisoners. A report accused her of "calculated disregard of the rights of defendants in her court" and statistics were produced to show that out of the 5,502 cases that came before her, she had discharged but 14.6 percent.



'Gimme That — We Don't Want You Poor Folks Throwing Your Weight Around.'

U.S. Foreign Policy: Casual and Upsetting

By James Reston

WASHINGTON — There are times in Washington when you can feel the temperature rising and cannot avoid hearing the thunder over the Potomac, and this is one of them. The administration's misconduct of foreign policy is clearly blowing up a storm.

In the last few days it has announced a new military arms agreement with China, confirmed that it is operating an electronic watchtower in that country on the Soviet Union; proposed a \$3-billion weapons deal for Pakistan; predicted the beginning of the end of Soviet power; condemned Israel for bombing the nuclear facilities in Iraq; and said it would probably not be able to begin formal negotiations with Moscow on the control of nuclear weapons until March, 1982.

All this has been said in the most light-hearted manner, usually by officials strolling around in the far corners of the White House. The president has even joked about it. He told the Republican National Committee a few days ago that, sure, he had a foreign policy.

Not Laughing

"Just the other day," he said, "Al Haig sent a message to Brezhnev: 'Roses are red, violets are blue, stay out of El Salvador and Poland, too.'" The Republican National Committee loved it, but the nations are not laughing.

Engene V. Rostow, former dean of the Yale Law School and President Reagan's nominee to head the Arms Control and Disarmament Agency, gave the Senate Foreign Relations Committee a considered and in some ways even a brilliant appraisal of the nation's foreign policy problems. But on the critical question of controlling nuclear weapons he went on to say: "It may be that a brilliant light will strike our officials. But I don't know anyone who knows what it is yet that we want to negotiate about."

Later, when Mr. Rostow thought that this had startled the Foreign Relations Committee and put his confirmation in jeopardy, he agreed to try to bury the arms-control talks, but he was right the first time. Nobody in this administration seems to know what kind of arms agreement it wants to negotiate with Moscow, and no "brilliant light" has yet appeared here to show them the way.

Even the administration's most important supporters, beginning with its leader in the Senate, Howard Baker of Tennessee, know that it is staggering into trouble and though they are too polite to say so in public, that the trouble begins with the president.

Everybody likes him personally, including Speaker Thomas (Tip) O'Neill, but few believe he has any clear view of the U.S. problems in a changing world or has done

enough homework to be in charge of his principal aides, who in the absence of any clear guidance from the center keep speaking out on their own.

Mr. Reagan is still repeating the arguments of his campaign against Jimmy Carter, as if he didn't know he had won. He had a clear idea of the prospects he wanted send the Russians: things had changed in Washington; the tough guys had taken over; billions more for guns and no more nonsense about human rights.

The troubling thing about all this is that nobody really knows what it means. Secretary of State Alexander M. Haig Jr. announced a new policy of selling military arms to China, but nobody in Peking or Washington has the slightest idea of what arms, if any, will be sold. Why the administration confirms that it has an intelligence deal with China to monitor Soviet nuclear operations, which is a provocation to Moscow, and what Washington got from Peking in return, is a mystery.

But the opposition to Mr. Reagan's casual foreign policy is building up here — in the Congress and elsewhere.

John J. McCloy, former head of the World Bank and former U.S. high commissioner in Berlin, was down here this week saying what he thought, as usual, about the conduct of U.S. foreign policy. Mr. McCloy thinks that an administration whose success he favors has gone off the track. One hears the same thing not from the president's opponents alone but from his closest friends and associates.

This is the first real foreign policy test of the Reagan administration, and of the president personally. His secretary of state has been in Asia, his deputy secretary in Africa and his assistant secretary of state, Larry Eagleburger, in Europe.

Disagreements

Mr. Haig has been talking about guns, Secretary of Defense Caspar Weinberger has been talking about foreign policy — they don't always agree — and Edwin Meese 3d, the president's friend and the nice guy in the White House, whose experience in foreign policy is not excessive, has been on television explaining what they all mean.

So, to be blunt about it, this is becoming a danger to the administration and, if it keeps on goading the Soviet bear, even a threat to the peace.

Mr. Haig, William Clark and Mr. Eagleburger get back from their travels. Mr. Reagan is probably going to have to have what he calls a little powwow, including his own leaders in Congress, and talk about the storm that is obviously coming.

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Doing Justice to the Poor

By David S. Broder

WASHINGTON — On the same day last week that Associate Justice Potter Stewart made public his decision to step down from the Supreme Court, the House of Representatives passed a measure extending the life of the Legal Services Corporation which runs the federally financed program providing lawyers for the poor. The vote in the House was 245-137, but that is short of the two-thirds majority that would be needed to override the veto presidential counselor Edwin Meese 3d has said he would recommend to President Reagan.

The fact that the president who does not see any compelling need for the continuation of the Republican-created program of legal services for the poor is the same president who will soon be filling Potter Stewart's "swing seat" on the Supreme Court is something to give you pause.

Mr. Reagan has been hostile to the legal services program since its beginning in the Nixon administration. When legal services lawyers went to court on behalf of impoverished Californians and won judgments that the Reagan administration was illegally denying them their benefits under federal and state programs, the then-governor was furious. A compromise of sorts was negotiated, but it did not dispel Mr. Reagan's hostility.

Now, as president, he is proposing that the Legal Services Corporation be abolished and its funds cut off. Instead of the staffs of specially trained lawyers now available to help poor people with their problems, the administration is saying that their legal needs can be met by the states — using scarce funds from the reduced federal social services block grant — or by private law firms doing charitable work.

Meese Suggestion

Mr. Meese suggested at the University of Delaware Law School that taking care of the poor's legal problems might provide some good practice and relief from the tedium of the classroom for third-year law students.

The best comments on this brand of thinking came, not from some of the Republican members of the House who have intimate knowledge of the program.

Rep. Tom Railsback of Illinois, who is about as sentimental as barbed wire, helped manage the bill in the House. "The Americans we are talking about, it is fair to say, are poor," he remarked. "They represent a disproportionate number of America's elderly citizens. The Subcommittee, Republicans and Democrats alike, made this decision that the 29 million poor Americans should be able to sit down and discuss their legal problems with an attorney."

"Every lawyer in this body," the Illinois Republican said, "and in the nation for that matter, is fully aware of the fact that to successfully use our system of justice, you need the assistance of an attorney — and to deny these people their assistance is the very same as denying them access to our system of

justice. If we do this, then I believe the consequences may be serious, not just for the poor, but for our entire system of government."

Rep. M. Caldwell Butler of Virginia, a Republican as conservative as his name, said: "I remind my colleagues that the Legal Services Corporation is a Republican initiative, which had its earliest beginnings when Lewis Powell Jr. was president of the American Bar Association in 1965. Lewis Powell Jr. is now a justice of the Supreme Court appointed by a Republican president."

"I share the view Mr. Justice Powell expressed in August, 1976," Mr. Butler said, and quoted him as follows: "Equal justice under law is not merely a caption on the facade of the Supreme Court building. It is perhaps the most inspiring ideal of our society. It is one of the ends for which our entire legal system exists. And central to that system is the precept that justice is not denied because of a person's race, religion or beliefs. Also, it is fundamental that justice should be the same, in substance and availability, without regard to economic status."

Mr. Reagan does not understand or accept that proposition. He almost certainly will use his veto on the legal services bill. And then he will decide who sits on the Supreme Court with men of the character of Justice Powell. It is something to ponder.

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Israel: Living by the Sword

By Anthony Lewis

NEW YORK — The security of Israel, in the most basic sense of survival, is the reason repeatedly given by Prime Minister Menachem Begin for the raid on Iraq's nuclear reactor. He argues that an enemy sworn to destroy Israel was about to acquire the means to make atomic bombs. And he says the usual deterrent, fear of retaliation, would not work in the case of Iraq because its leader, Saddam Hussein, is a *mehtaganah*, a crazy man.

Those who believe in Israel but live safely elsewhere will hesitate before challenging such an argument of survival. But its premises have been questioned inside Israel. Uri Ben-Zion, a political analyst writing in the newspaper Haaretz, said: "At one time, the Israeli people and its leadership regarded Egyptian President Anwar Sadat in the same light as the others on the list of cruel and irresponsible leaders of Arab nations. When this image of Sadat dissolved, Israel discovered a rational man ...

"It is really necessary to prevent the Arab states from entering the arms age? Wouldn't it be better to strive for political accord with these countries, considering the technological advancements awaiting them?"

As that comment suggests, security is not a one-dimensional matter. It involves political as well as military factors. And the real question about the Baghdad raid is whether the heavily militarized foreign policy that it reflects is likely to make Israel more secure in the long run.

What development of recent years has done the most to assure Israel's long-term security? The answer surely is the rapprochement with Egypt. The most important of Israel's Arab neighbors is no longer an enemy.

Sadat's Hope

Yet even after President Sadat went to Jerusalem, the suspicions mentioned by Mr. Ben-Zion remained. I had letters from American supporters of Israel charging that Mr. Sadat's course was all a trick, that he really had Nazi views and so on. It took time for some people to recognize that there had been a political breakthrough of immense value to Israel.

Despite Arab denunciations of Mr. Sadat, a more realistic view of Israel — accepting it as a fact of life — has been spreading through the Arab world. No one who has visited Saudi Arabia or Jordan in

recent years could miss that trend. Even Iraq, according to many diplomats, had shown signs of moving away from an utterly rejectionist position.

President Sadat's hope, embodied in the Camp David document on a framework for peace, was that the pattern of Israel's agreement with Egypt would be followed with its other neighbors. That has not happened. And the large part of the reason is that the Begin government has not been daring, not being willing to go far in the search for political accommodation in those quarters. It has based its policy on military force.

Mr. Begin has offered the most grudging definition of the "full autonomy" that the Camp David agreement called for on the West Bank. His government has planned new settlements all over the area. It has expelled elected mayors. It has refused to make even conditional gestures toward Palestinian nationalism. It has all but said that it has no intention of ever withdrawing its military forces from that occupied territory.

At the same time the Begin government has greatly deepened its military involvement in Lebanon, moving up from the country's southern strip to form a *de facto* alliance with the most aggressive Christian force, the Phalangists. It was an attempt by the Phalangists to move east that set off the Syrian missile crisis.

The article on Iraq's reactor has to be seen not in isolation but as part of a pattern of Israeli policy: the emphasis on military force instead of diplomacy and politics. President Sadat's Arab critics find in the pattern confirmation of their view that his peace treaty would simply free Israel's hands for a more aggressive policy on other fronts, expanding toward a "Greater Israel."

When the raid on Iraq is seen in that larger framework, the security argument is less convincing. For the raid, on top of many other things, did severe damage to the hope in which Israel's true security must lie: the hope of realistic relations with all its neighbors.

An Embarrassment

King Hussein of Jordan, long considered the most likely Arab leader to make peace with Israel after Mr. Sadat, wrote President Reagan a despairing personal letter after the raid. Israel's policies, he said, were "extinguishing any glimmer of hope for civilized and disciplined human relations for the people of this troubled region."

The raid has embarrassed President Sadat and renewed Arab doubts about his approach. It has put a crimp in U.S. efforts for regional cooperation against any Soviet threat, making even the most conservative Gulf states see Israel as a real threat. It has deepened Israel's isolation.

The Economist of London, which has a record of support for Israel and is no skeptic about the need for arms, said of the raid: "Increasingly, Israel has come to behave as though the use of threat of force is the only way to defend its interests. It would certainly not have survived until now had it not been ready to fight ... but Israel has to weigh its need for self-protection against its equal need for friendship."

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Letters

On Time Off

Re: John Dornberg's column (IHT, June 10):

Mr. Dornberg is off-base with the examples he gives from West Germany in his article "No Time Like Time Off."

There's no point in blaming the seven-digit West German executive for collecting *Kindergeld* because this "subsidy" is a tax credit, regardless of income, which replaced the former personal exemptions which were more advantageous to higher income groups.

What's the point of making snide remarks about the bank president who behaves perfectly rationally as an individual, claiming his 36 pfennigs a kilometer allowance?

More cogent examples would have been the writer who works for seven months with overtime, then goes on unemployment for 5 months and nets more than his colleague who works a full year, or the financial advantage of getting fired, going on unemployment for a year, and then collecting full social security at an early retirement age.

Mr. Dornberg should not insinuate that West Germans have lost their work ethic — they're just responding to incentives as people do all over the world. Maybe he

should put the blame on people electing officials who put incentives, albeit unwittingly, on opportunities to rip off.

H.W. FIUCZNSKI,
Moenchengladbach, W. Germany.

World Terrorism

Now how 'bout that?

First we have the suggestion in Claire Sterling's recent book, warmly applauded by Republicans, that a great deal of international terrorism is brewed in the Kremlin and paid for secretly by the Russians.

Now comes Seymour Hersh's re-

port (IHT, June 18) on the enormously profitable deal by all those CIA types with Col. Moamer Qadhafi to procure and deliver to him assorted hellish devices for blowing up people, which the colonel passes on to his pet anarchists in the Red Brigades of Italy, the Red Army of Japan, the Basader-Meinhof Gang of West Germany, the Irish Republican Army, the Palestine Liberation Organization and you name it.

It just goes to show that in a straight contest capitalism will outdo Communism every time. Right?

ROBERT N. STURDEVANT,
Juan-les-Pins, France.

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1981

Food

It's Durian Time — If You Can Stand the Stench

By Kenneth L. Whiting

KUALA LUMPUR, Malaysia — What a stink like a garbage truck running over a dump on a damp day?

It is a fruit so smelly that it is barred from airplanes, trains and most hotels in Southeast Asia — yet there are those who would beg, borrow or steal to satisfy their passion for the forbidding fruit.

The telltale stench permeates sections of Malaysia, Singapore, Indonesia and Thailand now that the durian season has peaked again.

The aroma is the perfume of prosperity for growers and others in the trade. Superior durians were fetching the equivalent of \$3.28 (U.S.) a kilogram in Singapore this week. Top quality ones have sold for the equivalent of as much as \$50 each in Bangkok.

Durian grows on trees sometimes more than 100 feet tall, with as few as 10 or as many as 500 on a tree. The fruit varies widely in size and shape, but generally is about 8 inches long and 7 inches wide.

The outer rind is thick and covered with sharp thorns, or "dur," so tough that few break open when they fall to the ground.

Durians can be used in cakes, packaged like long sausages, made into durian jam or even durian-flavored ice cream. Purists, however, appreciate them carefully, bargain heatedly and then eat durian raw with the fingers.

"The right way to eat durian is squatting by the roadside or sitting on the kitchen floor, taking the fleshy seeds straight from the shells as they are cracked and pried open, using fingers and licking them afterward with that mandatory mad look in the eye," wrote Sri Delima, a columnist for the New Straits Times.

Protein and Calories

A heavy knife is used to split the fruit and expose the pulp, which ranges in color from pale yellow to bright orange. Scientists say it has a protein content of 2.5 percent, and 3.5 ounces of its pulp has 150 calories, the equivalent of a bowl of rice.

Rapid chemical change starts the moment a durian drops from its tree, changing the flavor perceptibly within hours. This fermentation spoils the fruit in less than a week.

"When durians are down, skirts are up," according to a regional saying. It refers both to the alleged aphrodisiac effect of the fruit

and to the skirtlike wrappers worn by many Malay men, which must be hiked up for running during nocturnal raids in local orchards.

Mature trees need little attention. Malays liken the assured income from growing durians to a happy windfall, as reflected in the saying "like durian fall."

The durian is related to hibiscus, hollyhock, cotton and kapok. Scientists say it is native to Malaysia and has been cultivated in tropical Asia for centuries.

Writers have stretched their imaginations trying to describe the incongruous combination of taste and smell.

"The rich brimstone musk, whispering of depravity and month-old eggs . . . Durian is to fruit what limburger is to cheese and pornography is to literature," was how one journalist termed it.

British novelist Anthony Burgess told of "the fetid exciting reek . . . [Like] eating a sweet raspberry blancmange in the lavatory."

Another description said it was like "a combination of cornflower, rotten cheese, nectaries, crushed fibbers, thick cream, apricot pulp and a soupcon of garlic, all reduced to the consistency of a thick custard."

Dance

'Eight Jelly Rolls' Jazz Up Tharp's London Run

By Noel Goodwin

LONDON — The most engaging aspect of the Twyla Tharp Dance Company, which has opened a two-week visit through July 4 as part of the American Dance Festival at Sadler's Wells Theatre, was the sound of a pick-up jazz group playing orchestral versions of Jelly Roll Morton. The age of the players probably totals 400 years, but they swung through the numbers for Tharp's diverting "Eight Jelly Rolls" (1971) with a style and feeling not often heard in theater pits these days.

Unfortunately, the band is to be heard in only that one of the eight works in Tharp's opening programs, of which most of the others are new here since the company was last in Britain at the 1976 Edinburgh Festival. Otherwise the music is a mix from classics to rock, mostly on tape except for a couple of piano items, and at times absent altogether from what is generally an uneasy association of sound and sight in the Tharp repertory.

Ecstatic Acclaim

Her work has been ecstatically acclaimed by the audiences here for both her opening programs, and enthusiastic reviews have helped bring lines to the box office. Yet it is disappointing that in the 10 years since she made "Eight Jelly Rolls" her choreographic style has become neither more sensitive nor more enterprising in the treatment of such subject matter as it has, everything having a drone-like character.

Some point to the resourcefulness of her choreographic invention, in which hardly a phrase or a gesture is introduced without being instantly contradicted by the next, in emphasis or direction, and the skill with which the dancers meet the challenge. The latter is true enough, and several newcomers since the company was last here have learned to twitch and twist with the best, but the result still looks overcontrived.

Jazz Festival Going Home

NEWPORT, R.I. — The Newport Jazz Festival, which moved out of town after gate-crashing rowdies rioted in 1971, is returning here this August.

George Wein, the festival's impresario since it began three decades ago, said that the Aug. 22-23 event will include Buddy Rich, Gerry Mulligan, Dizzy Gillespie, Lionel Hampton, Nancy Wilson and Dave Brubeck, performing in a seaside, picnic-style, family-oriented atmosphere.

The old Newport Festival started modestly but outgrew the city's ability to cope with the crowds.

The festival moved to New York after 1971. This year's New York events — in New York City and Saratoga — are carrying the name of its cigarette company sponsor — the Kool Jazz Festival.

As the dancers are, in addition, required to wear deadpan faces for most of the time, personality is expressed only through different body shapes and movements of body and limbs, giving all too often the appearance of manipulated puppets or automatons. In the rare instance of a narrative element being introduced, as in "Short Stories" (1980), where the sex war among bubble-gum-chewing adolescents in a dance hall moves from brittleness to brutality, the sentiments lack any illumination through dance to redeem their banality.

It seems in poor taste (if that is a category still recognized in today's theater) to choreograph a nervous tic as an element of comedy; presumptuous to open a program

with an interminable and indulgent male solo to a complete book of the Brahms-Paganini variations, and insensitive for the choreography of this to ignore the difference in character between the variations, while no amount of bottom-wagging in "Ocean's Motion" (1975) could persuade me that the words and music of Chuck Berry merited disinterment.

Perhaps my response to Tharp is a simple case of allergy, which refuses to be overcome. But I do believe she has been oversteered as a choreographer for what seems, in effect, a superior kind of cabaret dancing liable to be overstretched by its theatrical context. Still, if the "Eight Jelly Rolls" sent anybody hunting out the authentic phonograph sound of the immortal Morton, it cannot be all that bad.

Art

Wanted: Museum for 2,050 Clyfford Still Works

By Ellen Edwards

WASHINGTON — The painter Clyfford Still left a will donating the bulk of his life's work — 750 oil paintings and 1,300 works on paper estimated by dealers to be worth \$100 million — to any U.S. museum or city agreeing to exhibit them in one location.

"He wanted people to see the works as he conceived them," Patricia Alice Still, his widow, said Wednesday, when the will was made public. "He didn't want people to be confused [by] the work of other artists."

Still, regarded as one of the pivotal Abstract Expressionist painters, lived in Westminster, Md., until his death on June 23, 1980, at the age of 75. The works provided for in the will date from 1920 to 1979. Most have never been exhibited or photographed for publication, according to his widow. They cover the full range of his art, from early figurative pieces to the mature flame-like licks of color on wall-size canvases that became his signature. Dealers put the value of the oils at about \$100,000 each — a total of \$75 million — and of the works on paper at \$25 million.

While European museums have often been devoted to the work of one artist, the idea is unusual in the United States. Museum officials in the United States had mixed reactions to Still's posthumous offer.

Harry Rand, curator of 20th-century art at the National Museum of American Art in Washington, said, "It sounds like something he would do, but I didn't know it would be so monolithic. I don't know how big an endowment it would take to maintain something like this."

Rand recalled a story from one of the artist's early and obscure essays. "He wrote about having once hitchhiked 1,500 miles across the country to hear Rachmaninoff play the piano. Fifteen hundred miles. He said that if someone wants to see something they'll go to it . . . That's the way he thought of his



"1943-A," an example of Clyfford Still's style.

next to other art . . . I don't think some ends are served by having it all together and alone in one place."

"I'd have to really think about it," said James Pilgrim, deputy director of the Metropolitan Museum in New York, where a major Still retrospective was held from late 1979 to early 1980. "We wouldn't have done the exhibition if we didn't have high regard for him as a living artist . . . [Still's request in his will] is an enormous undertaking."

Abram Lerner, director of the Hirshhorn Museum, said: "He was a very private person. Everybody knew that he was not on easy terms with the art world. He had strong opinions about the development of modern art . . . and he was not easy to reach — emotionally or intellectually . . . [The will] doesn't surprise me at all."

"We have a number of Stills, and I wish we had more, but I don't see how we could handle this," he added.

Legal Question

"It's an indication of his own regard for himself," said E.A. Carmean, curator of 20th-century art at the National Gallery. "It's part of his persona. I think it's probably impossible for us to handle something like this, but that's a board question. That's a legal question."

Corcoran Gallery director Peter Marzio said, "We don't take gifts that have too many restrictions. It always seems good in the present but it ties up the future. The donor should trust the institution . . . There are marvelous museum buildings, with not much in them, that I think would jump at the chance to have something like this."

Robert Buck, director of the Albright-Knox, said that "In principle, certainly," the museum would be interested in the collection. "But to come up with enough money to run such a museum would be a long shot. The principle is one thing, but the rationality is something else."

called it minestrone. It was all jumbled and no particular thing was seen or felt."

He did make donations of his works to the San Francisco Museum of Modern Art (28 paintings in 1975) and the Albright-Knox Gallery in Buffalo, N.Y. (31 paintings in 1963-64). The structures he placed on his work after his death are similar to those he requested during his lifetime. Neither museum is allowed to sell or lend the works he donated, and the San Francisco museum is required to have some on view at all times. In both cases, Still asked that the works be shown apart from the work of other artists. But that view is not universally shared.

"Art is like a chemical reaction," Rand said. "Art grows by being

own work. It would be a pilgrimage to Clyfford Still."

Chris Hartman, press secretary to Mayor William Donald Schaefer of Baltimore, said the city was already recruiting sponsors for a possible Still museum. "We would like to be able to house this collection," Hartman said.

The will stipulates that the paintings not be "sold, given or exchanged" and that they be kept "in the place exclusively assigned to them in perpetuity for exhibition and study."

During his lifetime Still refused to participate in group exhibitions, and often refused to sell works in order to keep them together, his widow said. "He didn't feel that each man's work was seen at all" in group exhibitions, she said. "He

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14 1/2	12 1/2	ACC	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMF	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMH	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMN	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMR	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMT	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AMZ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANB	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AND	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANF	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANH	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANI	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANJ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANK	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANL	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANM	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANP	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANQ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANR	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANS	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANT	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANU	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANV	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANW	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANY	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	ANZ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOA	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOB	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOC	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOD	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOE	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOF	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOG	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOH	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOI	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOJ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOK	10	4.0	11 1/2	11 1/2	11 1/2	+
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14 1/2	12 1/2	AOM	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AON	10	4.0	11 1/2	11 1/2	11 1/2	+
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14 1/2	12 1/2	AOU	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOV	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOW	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOY	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AOZ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQA	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQB	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQC	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQD	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQE	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQF	10	4.0	11 1/2	11 1/2	11 1/2	+
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14 1/2	12 1/2	AQK	10	4.0	11 1/2	11 1/2	11 1/2	+
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14 1/2	12 1/2	AQN	10	4.0	11 1/2	11 1/2	11 1/2	+
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14 1/2	12 1/2	AQU	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQV	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQW	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQY	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQZ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQA	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQB	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQC	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQD	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQE	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQF	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQG	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQH	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQI	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQJ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQK	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQL	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQM	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQN	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQO	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQP	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQS	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQT	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQU	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQV	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQW	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQY	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQZ	10	4.0	11 1/2	11 1/2	11 1/2	+

HOW TO MAKE THE MOST MONEY IN A RISING MARKET

Maximum profits come from keeping out of step

The U.S. dollar is stronger than it's been in a decade, and the New York stock market has moved close to its all-time high. Barron's financial weekly says "It's now unimpeachable that the tide—economic, monetary, fiscal—are running powerfully in the right direction." The Wall Street Journal says "Recent trends seem too good to last." Yet the near unanimity that U.S. equities are in the early stages of a powerful advance doesn't mean that everyone will profit. Far from it, Wall Street's Adam Smith says in his new book that paper money rewards the minority who can manipulate it, and makes fools of the generation that has worked and saved.

CAPITAL GAINS RESEARCH presents a strategy which helps its readers stay in tune with the market's volatility. What sets CAPITAL GAINS apart from other research organizations is that it supplements fundamental and technical analysis of stocks with information about how the inside minority manages the media to create its own profit opportunities. CAPITAL GAINS recommended the purchase of McDONNELL DOUGLAS when the stock took a temporary dive following reports of defects in some of the company's aircraft. McDONNELL is featured in the following special CAPITAL GAINS RESEARCH report on STORAGE TECHNOLOGY in the spring when the public was running away from computer stocks. STORAGE TECH was one of the ten biggest gainers on the New York exchange during May.

This week's issue of the CAPITAL GAINS RESEARCH report discusses the impact of volatile interest rates on U.S. bank stocks and reveals why the public is overlooking the prospects for AVON PRODUCTS, TRANSAMERICA, OCCIDENTAL PETE and other equities. Send the coupon below if you wish to receive some complimentary copies.

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12 Month High	12 Month Low	Stock	5 Yr. P/E	Div. Yield	High	Low	Close	Change
14 1/2	12 1/2	AOA	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQB	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQC	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQD	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQE	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQF	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQG	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQH	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQI	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQJ	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQK	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQL	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQM	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQN	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQO	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQP	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQS	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQT	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQU	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQV	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQW	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQX	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQY	10	4.0	11 1/2	11 1/2	11 1/2	+
14 1/2	12 1/2	AQZ	10	4.0	11 1/2	11 1/2	11 1/2	+

(Continued on Page 10)

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Flash... Paris Bourse

JUNE 25, 1981

COMPANY	INDUS.	1980-81 HIGH-LOW	CLOS. PRICE JUN 25	HIGH-LOW MON.-WED.	P/E	YIELD (%)	MARK. PER SH.—77, 78, 79	BRK. SIZ. (\$00)	LASTEST COMPANY NEWS
BOUYGUES	Construct.	985 - 412	609	635 - 595	9	5.2	33.40 - 53.90 - 70.60	1,500	Net capitalized profit for 1980 amounts to 151.20 MF. (+48%).
CREDIT COM. DE FRANCE	Bank	21480 - 12580	130	135 - 131.10	7	10.9</			

BUSINESS NEWS BRIEFS

Consortium to Build Nigerian Power Plant

TOKYO — An international consortium has received a letter of intent from Nigeria to build a 180 billion yen (\$800 million) thermal power station near Lagos, one of the members of the consortium, Hitachi, said Thursday.

Indonesian Firms Win 3 Saudi Contracts

JAKARTA — Indonesian contractors have won three construction contracts in Saudi Arabia valued at \$300 million, Minister for Public Works Purnomo said Thursday.

Canada Permanent to Merge With Genstar

TORONTO — Canada Permanent Mortgage said Thursday that it signed an agreement to merge with Genstar, under which shareholders of Canada Permanent will receive 30 Canadian dollars cash (\$25) for each common share and about 35.70 Canadian dollars cash for each series A convertible preference share, it said.

Connecticut General Rejects British Takeover

SPRINGFIELD, Mass. — Connecticut General Mortgage and Realty Investments said Thursday that its board of trustees has voted unanimously to reject the tender offer by the British Coal Board Pension Fund.

Consolidated Gold Fields Reorganizes

SYDNEY — Shareholders of the four Australian companies in the Consolidated Gold Fields group voted overwhelmingly to approve the company's reorganization plans, a spokesman for Consolidated Gold Fields of Australia said Thursday.

Japanese Utilities to Buy Australian LNG

MELBOURNE — Agreement has been reached on a memorandum of intent to sell liquefied natural gas to eight Japanese utility companies from Australia's North West Shelf project, Broken Hill said Thursday.

Rollei Files in Bonn for Bankruptcy

BONN — Rollei-Werke Franke und Heidecke has filed for bankruptcy, a spokesman for the West German camera maker said Thursday.

Agache-Wilnot Group Hurt By Boussac's Bankruptcy

PARIS — The Agache-Wilnot textile and retail empire is likely to be shaken following the bankruptcy petition filed this week by Boussac Saint-Freres, which employs more than 20,000 persons in about 80 spinning and weaving plants. The company, already heavily indebted, said it was forced to file for bankruptcy because it could not meet payments due June 26. Earlier this week, Boussac was told by its banker to stop issuing checks, and a number of suppliers halted deliveries.

Following the bankruptcy petition, the Tribunal of Commerce of Lille, in northern France, ordered a legal settlement and appointed temporary receivers at Boussac Saint-Freres. At the request of the government, the tribunal also appointed a legal administrator with "broad powers" to head both Boussac and Societe Fonciere et Financiere Agache-Wilnot, the holding company of the group.

EEC Ministers Agree on '85 End For State Aid to Steel Industry

LUXEMBOURG — EEC economic ministers agreed Thursday that all state subsidies to steel industries should be halted by the end of 1985. "This is a milestone for the European steel industry," said Gijs Van Aardenne, the Dutch economic minister who presided at a twelve-hour meeting, which began Wednesday afternoon.

NYSE Prices Off at Close Of Trading

NEW YORK — Prices on the New York Stock Exchange closed slightly lower Thursday after trading in a narrow range all day. Analysis viewed the market as being in a technical uptrend but waiting for positive action on interest rates.

W. German Pressure

The commission imposed mandatory production cuts for an initial nine-month period last October in a move to shore up prices, which had fallen about 30 percent in mid-1980. West Germany had long been pressing for an early end to national aids, which they argued were penalizing steel industries in countries, such as West Germany, with unsubsidized steel industries.

Cities Ends Conoco Talks After Seagram Makes Bid

TULSA, Okla. — Cities Service announced Thursday that it had notified Conoco it is terminating the merger negotiations that have been going on between the two firms. The announcement followed a statement in New York by Joseph E. Seagram & Sons that it is offering to purchase up to 35-million shares of Conoco at \$73 a share.

Volcker Asks Money Fund Reserve; Dollar Climbs in European Trading

WASHINGTON — Federal Reserve Board Chairman Paul A. Volcker said Thursday that reserve requirements should be imposed on money market funds because of their effect on monetary policy. Mr. Volcker said reserve requirements should be imposed "on those money market fund shares that in fact serve as the functional equivalent of transaction balances," adding that the rapid growth of money market mutual funds is causing concern at the Fed.



Etienne Davignon 'designed to get rid of aid.'

U.S., W. Germany, Japan Cancel Coal-Fuels Project

NEW YORK — The United States, West Germany and Japan have agreed to abandon a cooperative \$1.55-billion coal liquefaction project that less than a year ago was hailed by Department of Energy officials as a centerpiece of the U.S. drive to reduce dependence on imported oil.

Currency Rates

Table with columns for Currency, Bid, Ask, and other market data.

Saudis Plan to Trim Daily Oil Production By 450,000 Barrels

By Youssef M. Ibrahim AP-Dow Jones NEW YORK — After months of flooding the world with its record oil production, Saudi Arabia has ordered a cutback of 450,000 barrels a day in its petroleum output for the quarter beginning July 1.

COMPANY REPORTS

Table with columns for Company Name, Revenue, Profit, and other financial metrics.

Jet Aviation Private Jet Services

Advertisement for Jet Aviation Private Jet Services, including contact information and a small image of a jet.

Electricite de France

Advertisement for Electricite de France, offering up to \$200,000,000 in 13% guaranteed notes due 1984.

Furman Selz Mager Dietz & Birney

Advertisement for Furman Selz Mager Dietz & Birney, offering 6,125,000 shares of Aurrera B Stock.

NYSE Nationwide Trading Closing Prices June 25

Tables include the nationwide prices up to the closing on Wall Street.

Main NYSE stock price table with columns for stock name, price, and change. Includes sub-sections for 12-Month Stock, 12-Month Stock Div., and 12-Month Stock High Low.

Chicago Futures

Chicago Futures table listing prices for Wheat, Soybeans, Corn, and other commodities.

Tokyo Exchange

Tokyo Exchange table listing prices for various Japanese stocks.

U.S. COMMODITY PRICES

U.S. Commodity Prices table listing prices for various commodities like sugar, coffee, and oil.

Market Summary

Market Summary table providing a snapshot of major market indices like Dow Jones and NYSE.

Toronto Stocks

Toronto Stocks table listing closing prices for various Canadian stocks.

Paris Commodities

Paris Commodities table listing prices for various European commodities.

London Metals Market

London Metals Market table listing prices for various metals.

Selected Over-the-Counter

Selected Over-the-Counter table listing prices for various OTC securities.

European Gold Markets

European Gold Markets table listing prices for gold in various European markets.

Advertisement for CORUM watches, featuring an image of a watch and text describing the brand and its products.

Gold Options

Gold Options table listing prices for various gold options contracts.

Valves White Weld S.A.

Advertisement for Valves White Weld S.A., providing contact information and product details.

Dividends

Dividends table listing dividend payments for various companies.

Thursday's New Highs and Lows

Thursday's New Highs and Lows table listing price movements for various stocks.

FUTURES DOW JONES

Futures Dow Jones table listing prices for various futures contracts.

Advertisement for E.S.I. LTD. Energy Saving Institute, London, featuring text about energy-saving technology.

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Advertisement for Mr. Conrad Rademaker, European Representative Office, MM. Rademaker, Mac Dougal & Co.

Attorney General Outlines New U.S. Antitrust Views

By Robert Pear New York Times Staff Writer WASHINGTON — Attorney General William French Smith, outlining the antitrust philosophy of the Reagan administration, said that "bigness in business does not necessarily mean badness" and that efficient, competitive markets will inevitably lead to the demise of some companies.

Mr. Smith, addressing the annual meeting of the District of Columbia Bar, said on Wednesday that antitrust officials in past administrations had sometimes pursued "misguided and mistaken" policies that actually discouraged competition. "For example," he said, "some have argued that competition is synonymous with a large number of competitors. Economic reality, however, is more complex. In some industries, competition yields a large number of competitors — in others, only a few — depending upon the economics of scale, distribution costs and other factors."

Mr. French also said the Justice Department will work toward little or no government regulation in private industry and will undertake a broad re-assessment of the enforcement of antitrust laws relating to international trade, Reuters reported.

Mr. Smith said that the Justice Department would focus on joint ventures by U.S. businesses that are not likely to have anti-competitive effects on domestic markets, Reuters reported. He said the U.S. government should not impede efforts by U.S. firms to compete internationally.

"We must recognize that bigness in business does not necessarily mean badness, and that success should not automatically be suspect," Mr. Smith said.

His speech was the latest in a series of events in Washington suggesting a substantial change in the climate for enforcement of the antitrust laws.

Mr. Smith said the Justice Department was planning to make substantial revisions in its guidance on corporate mergers, first issued in 1968. In addition, he said, the department has begun reviewing more than 1,200 judgments and decrees now in effect in government antitrust actions "to determine which might profitably be modified or vacated."

"Injunctions that pervasively regulate a firm or an industry can, with the passage of time, begin to hinder and not promote competition," he said.

Finally, Mr. Smith said, the Justice Department will try to participate in selected private lawsuits in an effort to persuade the courts to eliminate anticompetitive doctrines that judges have accepted in the past.

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William French Smith... emphasis on efficiency.

Grundig Foundation Loan Is Used for Philips Shares

AMSTERDAM — The Max Grundig Stiftung has decided, through the Dutch company Meridian, to convert an outstanding loan of 400-million guilders (about \$151.4 million) into shares of Philips at a price of 40 guilders per share, Philips announced.

Philips in turn has issued 10 million new common shares with a total nominal value of 100-million guilders.

The conversion will give the Grundig Foundation, through its subsidiary, a 5.5 percent stake in the share capital of Philips. It is part of a 1979 cooperation agreement between Philips and Grundig, the West German radio, television and stereo-equipment maker, by which Philips took a 24.5 percent interest in a holding owning 76.5 percent of Grundig stock.

The shares acquired by the Grundig subsidiary through the conversion will be eligible to participate in Philips' profit beginning in 1982. They will not be available for sale on the market before Jan. 1, 1985 and only then may be disposed of on a gradual basis, Philips said.

The weakness of the Deutsche mark will come to an end as West German industry's capacity utilization increases from its present relatively low levels, while international raw material prices, including oil, will continue to fall, it added.

Export prices will thus rise faster than import prices, leading to an improvement in terms of trade which, coupled with an increase in exports, will have a good effect on the 1982 current account deficit, the institute said.

In Munich, the IFO Economic Research Institute said that it sees no improvement this year in the West German economy and that present recessionary factors are likely to hold the upper hand into 1982, IFO president Karl Heinrich Oppensunder said.

He told the annual meeting the unexpected rise in export demand due to the weakness in the Deutsche mark will prevent a further fall in real gross national product this year.

Kiel Economists See Stagnating W. German GNP

KIEL, West Germany — The Kiel Economic Research Institute said Thursday that it foresees the real gross national product in West Germany stagnating in 1982, after a 2-percent fall in 1981, following the late orientation of domestic economic and wage policies to changed world conditions.

The current-account balance of payments deficit should fall to around 20-billion Deutsche marks in 1982 from a 1981 figure "hardly lower" than the 29.1-billion DM seen last year, it said.

The weakness of the Deutsche mark will come to an end as West German industry's capacity utilization increases from its present relatively low levels, while international raw material prices, including oil, will continue to fall, it added.

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In Munich, the IFO Economic Research Institute said that it sees no improvement this year in the West German economy and that present recessionary factors are likely to hold the upper hand into 1982, IFO president Karl Heinrich Oppensunder said.

He told the annual meeting the unexpected rise in export demand due to the weakness in the Deutsche mark will prevent a further fall in real gross national product this year.

World Bank Urges China To Set Long-Term Goals

WASHINGTON — China should move toward economic reform, setting realistic, stable long-term goals geared to current financial realities, a World Bank study says.

Monetary sources said these are the recommendations in the study, which was prepared before Wednesday's approval by the bank of its first loans to assist China's development. The bank announced on Wednesday that it had approved \$200 million in loans and credits for China to educate science and engineering students.

The terms of the loan set a conversion price of 40 guilders for the period up to and including Dec. 31, 1983 and a price of 50 guilders for the period thereafter and up to Dec. 31, 1989.

It was not known why Grundig decided to exercise its conversion rights now.

On the Amsterdam Stock Exchange, Philips shares officially opened at 24.30, up 10 cents from Wednesday's close. The shares gained about 10 cents on the announcement, brokers said.

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The conversion will give the Grundig Foundation, through its subsidiary, a 5.5 percent stake in the share capital of Philips. It is part of a 1979 cooperation agreement between Philips and Grundig, the West German radio, television and stereo-equipment maker, by which Philips took a 24.5 percent interest in a holding owning 76.5 percent of Grundig stock.

The shares acquired by the Grundig subsidiary through the conversion will be eligible to participate in Philips' profit beginning in 1982. They will not be available for sale on the market before Jan. 1, 1985 and only then may be disposed of on a gradual basis, Philips said.

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DKB ECONOMIC REPORT June 1981: Vol. 10 No. 6

Foreign financial situations pose some uncertainties over recovery of Japan's economy

The international monetary situation seems headed for renewed restlessness because of a steep rise in U.S. interest rates on the one hand and the election of a socialist president in France on the other.

A resultant weakening of the yen is causing some concern over prospects for recovery of the Japanese domestic economy.

The yen on May 14 dipped past the rate of 220 against the U.S. dollar. Its decline against the U.S. unit, however, is not likely to add to competitiveness of Japanese goods on international markets because European currencies have fallen even more sharply against the dollar. It may be that the weakening of the yen will only have an adverse effect on prices.

The yen's decline, however, is attributable to unusually high U.S. interest rates and political situations in Europe, not to deterioration of economic fundamentals of Japan. On the contrary, the Japanese economy is even beginning to show some signs of brightness ahead, which may lead to a stronger yen in the future.

For the time being, however, the currency will be characterized by uncertainties depending on overseas factors.

Impact on wholesale prices: The recent weakening of the yen is beginning to have some adverse impacts on wholesale prices, which in April rose 0.5 per cent from March, although they were down 0.5 per cent compared with a year earlier. The month-to-month increase was mostly accounted for by rises in import and export prices.

Consumer prices in the 23 wards of Tokyo in April were up 0.3 per cent and 5.0 per cent, respectively from March and a year before. By the past standards, these were very slow advances; the rate of increase from the year-before level fell short of 6 per cent for the first time since December, 1979. Moderate rises in prices of seasonal commodities, absence of elevation of public utilities

rates as last year, and a subdued trend of wholesale prices were responsible.

Unless the yen will continue to lose ground, consumer prices are expected to take on greater stability in the coming months.

Vacillating trend of production: It will be some time before production activities stage a full recovery. Mining and manufacturing production in March on a seasonal adjusted basis dropped 1.5 per cent from February, with shipments also falling 2.4 per cent, resulting in a 1.7 per cent rise in inventories.

Despite such a seeming weakness in performances in March, the basic trend is one for recovery as is evident from a steady rise in production on a quarterly basis compared with the corresponding period of a year before — 1.6 per cent in the 1980 fourth quarter and 2.2 per cent in the 1981 first quarter.

Even in basic material industries, which have been slumping in contrast with generally booming machinery industries, some sections are showing signs of recovery, as in chemicals (excluding pharmaceuticals) which in March scored substantial improvement from the preceding month both in production and shipments.

However, a straight recovery in production appears unlikely in the few months ahead.

Brighter prospect for consumption: Prolongation of inventory adjustment has brought about deterioration of employment situations. The effective job offer-to-applicant ratio in March, for example, declined to 0.87 from 0.71 in February, which already had been a poor level. Overtime worked in the month also decreased 5.7 per cent from a year earlier.

The gradual upturn of mining and manufacturing production, coupled with the Government's policy to speed up public works expenditures in the months ahead, is expected to prevent employment situa-

tions from exacerbating further, however. Employment situations, therefore, will not likely turn out to be a deterrent to personal consumption.

Among indicators of the level of personal consumption, sales at big retail outlets and new passenger car registrations showed encouraging gains in the past few months. Moreover, spring wage settlements which are ending up in percentage about equal to last fiscal year's consumer price increase, as well as prospects of further stabilization of consumer prices present strong possibilities of recovery of consumer's attitudes into summer months.

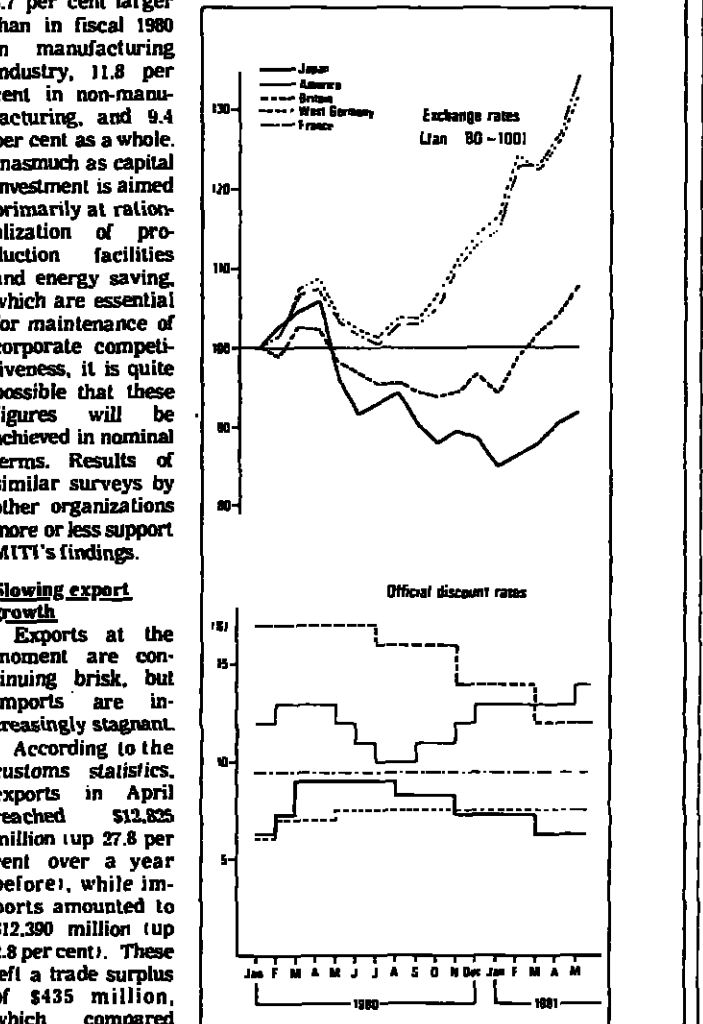
In the meantime, private housing investment remains in slump. New housing starts in fiscal 1980, ended last March 31, totaled 1,214,000 units, the lowest level in 12 years. The lowering of the interest rate on housing loans by 0.18 percentage point to 8.34 per cent, effective May 18, is hardly likely to lead to a recovery because the slump stems from structural factors.

Deceleration of capital investment: Although private capital investment continues to show a firm trend, its pace of increase is beginning to slow. Shipments of capital goods (excluding transportation equipment), which constitute a coincident indicator of investments in plant and equipment, rose 2.0 per cent in February from the previous month, but fell off by a sharp 7.2 per cent in March.

According to surveys by various institutions, the slowdown is attributable chiefly to deterioration of performances of smaller enterprises and a high level of long-term interest rates which also are discouraging capital investment by such enterprises.

Yet a continued growth of such investment is predicted by the Ministry of International Trade & Industry on the basis of its polling (as of last February 30) of corporations with capitalization of over ¥100 million. It found planned

Trends in Exchange Rates to Dollar and Official Discount Rates



investment for fiscal 1981 to be 6.7 per cent larger than in fiscal 1980 in manufacturing industry, 11.8 per cent in non-manufacturing, and 9.4 per cent as a whole. Inasmuch as capital investment is aimed primarily at rationalization of production facilities and energy saving, which are essential for maintenance of corporate competitiveness, it is quite possible that these figures will be achieved in nominal terms. Results of similar surveys by other organizations more or less support MITI's findings.

Exports at the moment are continuing brisk, but imports are increasingly stagnant. According to the customs statistics, exports in April reached \$12,825 million up 27.8 per cent over a year before, while imports amounted to \$12,380 million (up 2.6 per cent). These left a trade surplus of \$435 million, which compared with a deficit of \$2,019 million in the like month of 1980.

However, many problems lie ahead for exports. The auto trade dispute with the United States has finally been settled as a result of Japan's concession to voluntarily restrict shipments to the U.S. to 1,600,000 vehicles during the year from last April 1, and to continue restraint in the second and third years. The settlement, however, raises the concern that similar arrangements may be demanded by other countries or for other commodities. Already, the EC and Canada are asking Japan to act similarly with regard to car exports to them.

Another major worry about exports is the slump in industrial plant sales. Their exports licensed in fiscal 1980, at a value of \$9,592 million, represented a drop of as much as 24.2 per cent from the \$11,800 million in fiscal 1979. The severity in industrial plant business is believed to have been caused by 1) the worldwide business slump; 2) political and economic instability among developing countries; and 3) decline of Japanese competitiveness due to the yen's appreciation last year.

Given all these difficulties, it seems inevitable that exports in the future will grow at a slower pace than they have been so far.

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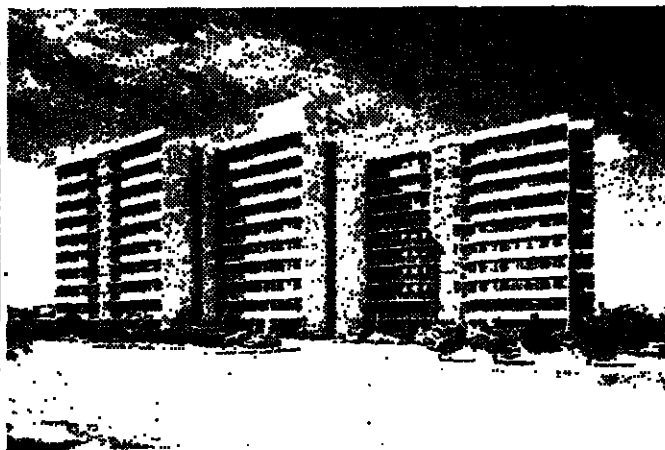
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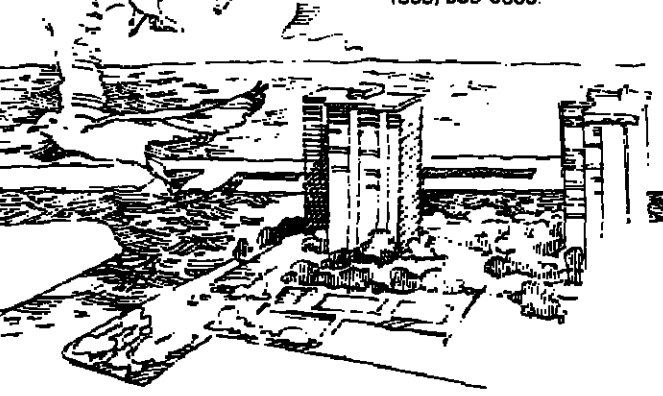
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AMEX Nationwide Trading Closing Prices June 25

Tables include the nationwide prices up to the closing on Wall Street.

Table with multiple columns listing stock symbols, prices, and trading volumes for various companies on the AMEX exchange.

European Stock Markets

Table showing closing prices for European stock markets including Amsterdam, London, Frankfurt, Zurich, and Milan.

Eurocurrency Interest Rates

Table listing interest rates for various Eurocurrency deposits and loans.

Floating Rate Notes

Table listing floating rate notes with columns for bank names, note types, and interest rates.

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Connors, McEnroe Gain; Gottfried, Tanner Put Out

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WIMBLEDON — John McEnroe and Jimmy Connors survived the massacre of the seeds Thursday to join Sweden's five-time champion Bjorn Borg in the last 32 of the Wimbledon Tennis Championships.

But Brian Gottfried and Roscoe Tanner, the seventh- and eighth-seeded Americans, crashed to second-round defeats in another day of upsets, boosting the number of seeded casualties to seven and leaving McEnroe virtually a clear run to the final.

No. 2 seed McEnroe, his temper curbed by a first-round misadventure, beat Raul Ramirez of Mexico, 6-3, 6-7, 6-3, 7-6, while 1974 Wimbledon Champion Connors needed only 20 minutes to defeat New Zealander Chris Lewis, 7-6, 7-6, 6-3. In matches that had been delayed by Wednesday's rain, McEnroe had a tough struggle against Ramirez, who won the tiebreaker in the second set and twice came close to winning the fourth-set tiebreaker. The 14,000 fans at center court gave McEnroe a big round of applause when he received a blatantly bad line call but kept himself under control. It was a quiet, polite match from beginning to end.

But while the two leading U.S. challengers for Borg's crown clinched their appointed places, Gottfried and Tanner came to grief.

Gottfried, a semifinalist last year, slumped to a 6-4, 7-6, 6-4 defeat against fellow-American Jeff Borowiak from the United States. Borowiak and Tanner, who ran Borg to the brink in the 1979 final, was defeated, 6-4, 6-3, 6-2, by Brazilian Carlos Kirmayr.

Their defeats followed the first-round exits of Czechoslovak Ivan Lendl (No. 4), Argentinian Guillermo Vilas (10), Paraguayan Victor Pecci (11) and Frenchman Yannick Noah (13).

With fifth-seeded American Gene Mayer having withdrawn from the tournament, 15th-seeded Balazs Taroczy of Hungary is the only seeded player between McEnroe and his second consecutive final.

Borowiak, who had just taken the opening set against Gottfried when rain halted their match Wednesday night, was much the sharper when play resumed as Gottfried failed to find his rhythm on the rain-slicked Wimbledon grass.

Borowiak, 73d in the ATP world rankings against Gottfried's No. 9 standing, got his serve-and-volley



Jimmy Connors ... a 7-6, 7-6, 6-3 victory.

game together well, while his opponent only showed flashes of the form that took him to the final of the Queen's Club tournament last week.

The Wimbledon dream of Kathy Rinaldi, 14-year-old U.S. schoolgirl, ended suddenly as Claudia Pasquale of Switzerland beat her, 3-6, 6-0, 6-0. Rinaldi, the second youngest player in Wimbledon's 104-year history, played well to win the first set, but lost her edge and kept missing the lines in the final two.

After his match, Connors addressed himself to the matter of the grunt that characteristically accompanies his service.

"I laughed when I heard that Wimbledon had tried to put a stop to grunting," he said. "I am grunting well this year, but I can't help it."

In the first match the umpire did ask me to hold down the grunting, but I told him there was nothing I could do about it and he could only default me."

Added Connors: "I have not had a medical opinion on it, but perhaps I have a big gasp pouch."

Boxing's Roving Titlists and the True Triple Threat

By Richard Hoffer
Los Angeles Times Service

LOS ANGELES — In boxing's two governing bodies there are 14 and 15 weight divisions. That means there are 29 different titles — up 21 from the good old days when there was only one jurisdiction and there were no junior titles.

Obviously, winning a championship is not the feat it once was. These days any fighter who remains reasonably active and mostly upright long enough can expect to win one of those titles. Or, at least fight for one.

Even more to the point, that means any fighter who is active, upright and predisposed to a gradual weight gain can expect to win several. Two, three titles are nothing for a fighter with appetite and ambition.

Alexis Arguello, for example, won big-money title No. 3 the other day, adding the World Boxing Council lightweight title to his recently won and subsequently relinquished featherweight and junior lightweight titles. There is no telling how rich he might become or how many titles he might win, the way he keeps eating.

WBC welterweight champion Sugar Ray Leonard, for another example, was to fight for the World Boxing Association junior middleweight title Thursday night in Houston. He hopes to turn his gradual weight gain into even more money and publicity with the middleweight championship, about 13 pounds down the line.

It's getting routine. As there are no more than seven pounds separating the middleweight-on-down divisions — and often as few as three — a fighter experiences no great disadvantage in moving up or down in the weight ranks. It's basically a matter of fiscal convenience rather than physical prowess. In Arguello's case, the three titles span all of nine pounds.

So consider Henry Armstrong, who held three of the eight available titles simultaneously back in 1938. He won the featherweight, welterweight and lightweight titles — in that weird order — in a span of 11 months and 21 pounds. What Armstrong did, in terms of today's available titles, was to win the rough equivalent of five championships (including two junior titles that did not exist then).

What he did, in terms of boxing today, was to perform the impossible. The boys Armstrong, 69, is assistant director of the Herbert Hoover Boys Club in St. Louis and assistant pastor at Mount Olive Baptist Church. He is only a casual observer of boxing. To him, the sport is neither as glamorous nor as competitive as it was in his day.

When told that Leonard was getting some promotional mileage out of his much-publicized promise to win three titles, Armstrong just laughed. "Are they still trying to break my record?" he asked. "They been trying for 40 years. Can't be done."

It can't, either.

Armstrong, who fought mainly out of Los Angeles (blacks were not allowed to fight whites in St. Louis when he first took up boxing), was not only the first to win three titles but the last. Boxing, mostly in response to Armstrong's brief domination, made it a rule that no boxer could hold more than one title at a time.

But it would be difficult in any event. Especially in Armstrong's day, when there were so few divisions and the talent was so much more concentrated. Armstrong had to make jumps of 9 and 12 pounds to fight in the additional divisions; 21 pounds is a lot to give away in the ring.

Also, inasmuch as there were only eight champions at any time, the worth of a title was considerably more than in these inflated times.

What wasn't different in Armstrong's day was motivation. Armstrong went after the three titles for about the same reasons today's fighters move up and down. Money and fame.

"Why did I want to win three titles?" said Armstrong, echoing a question. "Well, it wasn't my idea. It was suggested by my managers. Al Jolson and Eddie Meade. Jolson, he was always thinking about more fame and money. Him and his Hollywood ideas."

A modest proposal

"Don't forget, this was when Joe Louis was fighting. Louis was taking all the money, getting all the big gates. So Jolson and Meade came up with a plan to get me more notoriety. Jolson, in my mind, never knew much about boxing. But I figured he knew fame. He and Meade said I'd be famous if I would undertake what they had in mind for me."

"I asked what they had in mind. 'If you win three titles,' Jolson said, 'you'll be almost as famous as Louis. You'll be big.'"

"I said, 'Is that all?'"

"Jolson said, 'No, you've got to do it in six months.'"

"They didn't want much."

The scheme is all the more impressive, looking back, when you realize that the most titles Armstrong held held to that point was none.

Armstrong was a great fighter, known in those days as the Mechanical Man, Homicide Henry, the Sepia Slicer and the Black Leopard. But he was largely a Los Angeles attraction. Both his exposure and income were limited. To give you an idea: Armstrong got a \$2,000 fight with Baby Arizmendi and told reporters, "There'll be plenty of groceries on the table from now on."

There were, but less for beating Arizmendi than for being bought (for \$10,000) by Jolson. Armstrong, who had to shine shoes to finance his boxing apprenticeship, was set thereafter — thanks to Jolson's Hollywood ideas.

The first step was to win the featherweight title, then held by Petey Sarron. The first step, actually, was to get a match with Sarron. Title fights were not that easy to come by, although boxers then were considerably more active. Jolson said not to worry, he was tight with Mike Jacobs, the Don King/Bob Arum of the day.

"Jolson brought the guy [Sarron] back from South Africa in about three weeks, matched me and I knocked him out in six rounds. So now I'm the featherweight champion and only two more to go."

That was in 1937. Armstrong defended the title 14 times in the next seven months. "I was fighting so much I hardly knew where I was," he said. "We'd be driving in the car and I'd say, 'Where are we off to now?' They'd say Madison Square Garden or something and I'd say, 'OK, good night.'"

During those seven months, Jolson and Meade were trying to set up a lightweight championship fight with Lou Ambers. "But Ambers had a pretty shrewd manager in Al Weil," Armstrong said. "Ambers had seen how I was knocking everybody out and he said, 'Let Armstrong do something else.'"

"So we went after Barney Ross, the welterweight champion. Ross had

Court Action Could Delay Baseball Owners' Insurance

From Agency Dispatches
NEW YORK — With baseball club owners facing the threat of losing \$50 million in strike insurance, negotiators returned to the bargaining table Thursday in the major league baseball strike, with the players due to respond to new free-agent compensation proposals from the owners.

In Philadelphia, Common Pleas Judge Stanley M. Greenberg issued a temporary injunction Wednesday, pending a hearing Friday, barring Lloyd's of London from paying any of the strike insurance, which the owners were to begin collecting Wednesday.

But Ray Grebey, director of the owners' Player Relations Committee, said the insurance money "was paid [Wednesday] and paid today." He said there was "no legal basis" for the suit, which was filed by the Major League Umpires Association and said the court action "will impede the talks and perhaps stall them altogether."

The 26 major league owners paid Lloyd's \$2 million for a policy that, with a 153-game deductible, was eligible to begin paying off Wednesday. It was to pay each owner \$100,000 for every day lost

in a player workout up to a total of 500 — until Aug. 8.

Richie Phillips, attorney for the umpires' group, said Greenberg's order was issued on a class-action suit that accuses the owners of bad-faith bargaining — partly because of the existence of the insurance policy.

Lee MacPhail, president of the American League, lashed out at Phillips. "He is losing sight of the reason for strike insurance. Doesn't he realize that it is designed for the purpose of paying the umpires as well as all the other employees in baseball other than the players? This is a move against everybody."

Under terms of their contract, the umpires are guaranteed 45 days' salary in the event of a player strike. "That means," said Phillips, "if they don't play the rest of the season, the umpires lose half a season. And, of course, they won't be in position to seek other employment because they'll be on constant standby to go back to work."

When major league umpires struck in 1979 and were replaced by amateur and minor league umpires, the players did not honor the

picket lines. Phillips was asked why the umpires would get involved in the current dispute, given the players' stance in 1979.

"We can't base how we act on how we've been treated in the past," he said. "We have to make a determination based on the facts of the dispute. I've looked at this thing for more than two years. I saw a confrontation brewing and I felt it was initiated by the owners. I've seen the owners stonewall, attempt to disguise what they're doing and attempt, in my mind, to return baseball to the plantation days. We had to act accordingly. The umpires and the players are brothers. Our interests are the same. Someone has to take the first step."

Wednesday's negotiating session broke up after less than two hours, and a grim-faced Bob Boone, the National League player representative, termed the owners' proposals "rather insignificant."

Under the owners' proposal, the percentage of free agents who would require compensation would be reduced from those falling in the top 50 percent of performance statistics to those in the top 40 percent.

beaten everybody in the 147-pound class. He wanted to beat me and he was glad for the fight, I was drawing so much money. He said, 'I'll fight the shrimp.'"

"I gave him the worst beating he ever had. About retired him."

That was May, 1938, and Armstrong had just one title to go. In August, Armstrong got his fight with Ambers. "That was my toughest title fight," he said. "Ambers cut me up pretty bad. But I won it. I did this all in six months [actually 11]. Three titles."

Armstrong, having by then put on his weight for good, relinquished his featherweight title in December. And he lost his other two titles in fairly short order. Ambers got the lightweight crown back in August, 1939. Fritz Zivic won the welterweight title from Armstrong in October, 1940.

Lucrative Meantime

"But in the meantime," Armstrong said, "we were drawing like anything. Guarantees of \$75,000 — a lot of money then — were common. Everybody wanted to see the man who won three titles."

It worked out for Armstrong, who earned an estimated million dollars in the ring. And it worked out for Jolson, who, Armstrong claimed, was thinking of himself all along.

"He loved the publicity," Armstrong said. "He always did. After he bought my contract — I don't know if he planned this — he had this big squabble that was in all the papers. It got him back in the limelight."

"All I know is, after all this managing, they made 'The Al Jolson Story' and he made \$5 million. Helped me, helped him."

Transactions

BASEBALL
American League
 CLEVELAND — Stunned Ned Yost, pitcher, and assistant Jim Chatternois of the Pittsburgh Pirates.

BASEBALL
National Baseball Association
 CHICAGO — Stunned Jerry Sloan, head coach, to a multiyear contract.

PHILADELPHIA — Stunned Franklin Edwards, second, to a multiyear contract.

FOOTBALL
National Football League
 BUFFALO — Stunned Robert Holt, wide receiver.

CLEVELAND — Stunned Randy Schuensemer, second, to a multiyear contract.

KANSAS CITY — Stunned Billy Jackson, running back, and Wayne White, offensive tackle.

LOS ANGELES — Stunned Charlie Holt to their sophomore star, Stunned Bob Coakley, defensive end.

PITTSBURGH — Stunned Tommie Smith, wide receiver, and David Lewis, linebacker.

ST. LOUIS — Stunned Steve Rhodes, wide receiver, and Tom James, center, to a series of one-year contracts.

SAN DIEGO — Stunned Eric Stevens, tight end, to a series of one-year contracts.

SEATTLE — Stunned Doug Kruis in their scouting.

COLLEGE
 CINCINNATI — Stunned Bill Brown, defensive football player, to a multiyear contract.

HOFSTRA — Stunned Marc Ambros, assistant basketball coach.

Hinault Wins Time Trial To Open Tour de France

The Associated Press
PARIS — Two-time champion Bernard Hinault of France won the prologue of the Tour de France cycling classic here Thursday in a race against the clock.

The 26-year-old Frenchman jumped to an early lead in the 23-day, 3,740-kilometer race by finishing the 5.85-kilometer (about 3.7 miles) prologue in six minutes, 42.26 seconds. George Kniskern of the Netherlands took second in 6:55.15, while Belgian Daniel Willems finished third in 7:02.01. Defending champion Joop Zoetemelk of the Netherlands finished 12th in the prologue, 23 seconds behind Hinault.

The opening day of the event was run under good weather conditions along Nice's palm-lined Promenade des Anglais, fronting the Mediterranean.

Averaging 51,572 kph (32 mph), Hinault rode with all the sustained

determination that makes him the race favorite to win the race again this year.

Hinault won the tour in 1978 and 1979, and was wearing the yellow jersey of the overall leader last year before a knee injury forced him to abandon the race.

There are two sections of Friday's stage here — a 100-kilometer race in the morning and, in the afternoon, a 39-kilometer team time trial.

The Tour de France ends July 19 in Paris.

The Leaders

1. Bernard Hinault, France, 6:42.26
 2. George Kniskern, Netherlands, 6:55.15
 3. Daniel Willems, Belgium, 7:02.01
 4. Wilfried Peeters, Belgium, 7:04.82
 5. Gery Verhaeghe, Belgium, 7:04.82
 6. J.J. Vandendriessche, Belgium, 7:05.67
 7. Jean-Claude Lelièvre, Belgium, 7:05.85
 8. Alfons de Wael, Belgium, 7:09.47
 9. Alberto Tomba, Italy, 7:10.42

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PEOPLE: 3 Americans Win Prizes In Moscow Dance Event

U.S. ballerina Amanda McKerron won a first prize and two other Americans, Kimberly Glasco and Kevin Pugh, were awarded silver medals in the Moscow international ballet competition.

The socialist-controlled city council of Sheffield has agreed to give its employees the day off for the wedding of Prince Charles and Lady Diana Spencer.

His four minutes on Symphony Hall's stage conducting the Boston Pops from his wheelchair was a dream come true, but 97-year-old Joseph McNamara didn't smile until it was over.

Observer

That Gone Feeling

By Russell Baker

NEW YORK — Have you been under the impression, neighbor, that Iran went away a long time ago? Surprising, isn't it, to hear that they're still there and still at it, still shouting "Death?"



Baker

This time, of course, it's "Death to Bani-Sadr." It used to be "Death to Carter." Remember? It seems so long ago.

What's really surprising is how fast these exciting events turn into ancient history nowadays. One day everyone is sporting an uncouth bumper sticker denouncing the ayatollah, and the next day all those bumper stickers look faded and battered and as out of date as old photos of soup-kitchen lines in 1973.

once the hostages came out. And so Iran went away. And what about Cambodia? There was a well-documented, hair-raising case of genocide there conducted by the Marxist Pol Pot. Then the Vietnamese attacked.

Now it all seems to have gone away: Pol Pot, genocide, Vietnamese invasion army. Of course all that went away a long, long time ago, before the Iranians started shouting "Death to Carter," if memory serves.

It doesn't feel like anything has happened since. It feels empty out there in Southeast Asia, as though the whole thing has dropped into the ocean.

Another place that feels gone is Afghanistan. Of course, Afghanistan is said to be there. Every once in a while there is a story from Washington about the United States urging Pakistan to accept hundreds of millions of dollars worth of military goods because the Soviet Army is in Afghanistan.

Nevertheless, Afghanistan feels as if it's been gone a long time. Afghanistan feels as if it's just a proper noun that provides an excuse for shipping munitions to Pakistan.

Mary Blume

The Case of the Lady Detectives

International Herald Tribune

LONDON — Feminine intuition has been around since the Pythia, but the memorable female detective is rare. Agatha Christie's Miss Marple is the sole enduring figure if one excepts Nancy Drew of childhood memory, and she was more interesting for her dashing blue roadster than for the crimes she solved.

In fact, if there are few unforgettable female sleuths, in sheer quantity they are an impressive enough company to provide the base for a book, "The Lady Investigator" (published by Gollancz in London), in which Patricia Craig and Mary Cadogan trace the history of women detectives and spies in fiction.

The subject is sufficiently rich for the authors to list such scholarly sub-categories as the Knitting Detectives, the first of whom was Millie Newberry who appeared in the 1920s (an earlier knitter, not exactly a detective, was Mrs. Lucilla Wiggins, the Watson figure in the cases of Mrs. Herlock Shomes in the 1890s).

progress at roughly the same rate as the movement towards a solution in a problem of murder. The process is inexorable: stitch by stitch or step by step. Knitting, although it has sinister connotations which go back to Mme. De-farge and the knitters under the guillotine, chiefly represents feminine industry and apparent harmlessness.

The elderly busybody category of lady detective goes back to Miss Amelia Butterworth, created by Anna Katharine Green, the first woman to write detective fiction in the United States, in 1876. Miss Butterworth ("I am not an inquisitive woman, but...") is only an assistant to the hero, a New York police detective given to such unwise remarks as "a woman's kind heart stands in the way of her proper judgment of criminals," only to be left gasping at Miss B's powers of observation and her familiarity with such lethal weapons as handpans.

The first female detective, Mrs. Paschal, appeared in England in 1861 and was a member of the police force 20 years before she became historically possible. Like many pioneers she tended to be a bit boastful about her "vigorous and subtle brain." The female sleuth reached her height between the wars in what is generally called the golden age of detective fiction. Today the female detective may cause lifted eyebrows as the P.D. James title, "An Unsuitable Job for a Woman," suggests, but usually she is just another contemporary heroine while in earlier years she was used for novelty, comic effect, and, say Miss Craig and Mrs. Cadogan, "because noisiness — a fundamental requirement of the detective — is often considered a feminine trait."

Early woman detectives, like the authors, put femininity before independence and "trailed an aura of discreet scent, elegant gowns and earnest tête-à-tête." An early step towards a raised consciousness was the creation by Wilkie Collins of Valeria Woodville (1865) who solves a murder mystery to prove the innocence of her husband, this creating a long line of ladies who become investigators solely to redeem the reputation of male partners and relatives.



Edith Dexter at work.

conscience was the creation by Wilkie Collins of Valeria Woodville (1865) who solves a murder mystery to prove the innocence of her husband, this creating a long line of ladies who become investigators solely to redeem the reputation of male partners and relatives.

An offshoot was Dorcas Dene, who appeared in the 1890s, becoming a sleuth in order to support her husband who has become blind. She also has a large bulldog named Toddlekins. "This animal," says Miss Craig and Mrs. Cadogan, "possibly set the fashion for dogs of enormous size and intelligence who were to become the statutory helpers for teen-age girl detectives in the magazines of the 1920s and 1930s."

flame; across the Atlantic Nancy Drew abandoned blondness for Titian tones somewhere in the course of the saga, while Judy Bolton was a redhead from the start.

The Edwardian new woman gave new inspiration to creators of woman sleuths (Edith "The Mill-Girl Detective" Dexter) while World War I brought such exciting special agents as Vali Mata-Vali, who wears a perfume called "Moi-moi-moi." A good 15 years before the War, Lady Casterton in "England's Peril" uses an explosive cigar to murder her husband who has been campaigning about England's inadequate defense preparations but in general the answer to the question, "When is a spy not a spy?" is "When she is British."

From Helpers to Helmsmen In the early days lady detectives were helpers, between the wars they became helmsmen. There were Agatha Christie's relentlessly cheery Tuppence and Tommy Beresford, and in the United States Mr. and Mrs. North and Dashiell Hammett's sublime Nick and Nora Charles. Women also worked on their own, especially in the United States — tough, gutsy dames like Bertha Cool, who was built like an old-fashioned freight locomotive, with short legs, a big torso and diamond-hard glittering eyes.

Today's female private eyes range from the tough and glamorous Lammor Ramsome, who has a Mexican girlfriend, to the scholarly Kate Fansler, who solves one murder when a man who claims to have been profoundly moved by D.H. Lawrence's "The Rainbow" claims later to have read nothing by Lawrence but "Lady Chatterley's Lover." Whatever their characters or habits, they all have a watch-out quality that goes right back to the mother of them all, Mrs. Paschal. Have met people who have turned up their noses at me for being a female detective or thief-taker, as they have thought fit to term me, "but I never forget the insult, and have had my eye upon them, and have caught more than one tripping."

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